Form

Unknown document format

e="TEXT-ALIGN: center; MARGIN: 0pt; LINE-HEIGHT: 1.25">COMMITTEE

Reviews and approves, with input from our management team and external advisors, the Company's executive compensation and benefits programs, including the NEOs.

Provides annual and ongoing review, discussion, analysis and recommendations regarding the evaluation of the execution of the performance plan for the NEOs against defined business objectives.

INDEPENDENT COMMITTEE

CONSULTANT

Provides published survey data, peer group proxy data and analysis and consultation to the Compensation Committee on executive and non-employee director compensation.

Establishes and maintains an independent perspective to avoid any conflicts of interests while working directly for the Compensation Committee unless the Committee has pre-approved any work to be conducted with management for review by the Committee and approval by the Board.

CHIEF EXECUTIVE OFFICER

and VICE PRESIDENT OF HUMAN

RESOURCES

When requested by the Compensation Committee, provides executive compensation and benefit plan input related to the performance management structure and provides support on compensation and benefit program design and implementation, and compliance and disclosure requirements.

Evaluates the performance plans of the COO, CFO, VP HR and other executives in accordance with the Board approved plan.

Plan Factors

There are several key factors the Compensation Committee considers when recommending plan-year executive compensation decisions:

NEOs' roles, position scope, experience, skill set, and performance history;

The external market for comparable roles;

The current and expected business climate; and

The Company's financial position and operating results.

Plan Components

The Compensation Committee utilizes its own judgment in approving the components of compensation, benefits, and plan targets for the NEOs. The committee further reviews and approves compensation including base compensation, targets, thresholds, and maximums of short-term and long-term incentive compensation. In addition, the Compensation Committee utilizes a third party compensation consulting firm, Willis Towers Watson, to provide relevant compensation benchmarks for the NEOs and other key leadership roles as well as plan design review and input. The most recent shareholder advisory vote taken in connection with our Annual Meeting of Shareholders that was held on May 23, 2013, is taken into consideration by the Company's Compensation Committee with respect to the acceptability of the plan. In the case of the latest vote in 2013, the plan decisions were approved, thereby providing further validation to the executive compensation decisions and policies. The Compensation Committee takes the shareholder advisory voting results, along with any other shareholder input on executive compensation, into consideration as one of several decision points in its executive compensation decision making process for each plan year.

Fiscal Year 2015 Peer Group

As described under “Plan Components,” an important factor in establishing executive compensation is the external market for comparable roles. Patrick’s benchmark peer group for the period ended December 31, 2015 consisted of the following companies: Accuride Corporation, American Woodmark Corporation, Cavco Industries, Inc., Commercial Vehicles, Inc., Drew Industries Incorporated, Flexsteel Industries, Inc., Haynes International, Inc., PGT, Inc., Spartan Motors Corporation, Strattec Corporation, Shiloh Industries, Inc., Stoneridge, Inc., Twin Disc, Inc. and Winnebago Industries, Inc. In addition, Patrick utilized data from an index of Durable Goods Manufacturing companies provided by Willis Towers Watson, our independent compensation committee consultant.

Fiscal Year 2015 Company Financial Performance Summary

The 2015 performance plan year reflected continued overall positive economic conditions, the growth of our core business markets (Recreational Vehicles, Manufactured Housing and Industrial) and the continued focused execution of the Company’s strategic initiatives and capital allocation strategy in accordance with our strategic plan. As our business plan was executed, the Company continued to grow both organically and through acquisitions during 2015. The Company continued to execute on a Company-wide market and performance-based rewards platform consistent with achieving and exceeding our planned and targeted operating results, including six consecutive years of revenue growth and net income growth (on an adjusted basis as described in the footnote to the chart below) for the NEOs and all performing team members.

(1) 2012 excludes the benefit of the income tax credit associated with net operating losses of $6.8 million.

17

Fiscal Year 2015 Executive Compensation

Compensation and Benefits Components	Description and Purpose
Base Salary	Cash payments reflecting a market competitive position for performance of functional role.
Short-Term Incentives	Lump sum cash payments reflective of approved pay-for-performance plan and the relative achievements of the business and individual performance objectives. The Board reserves the right at any time to award discretionary bonuses to senior management based on outstanding performance or other factors.
Long-Term Incentives	Stock vehicle grants reflecting approved pay-for-performance plan and the relative long-term achievement of the business performance plans as well as the Company's desire to retain high performing talent and align the interests of senior management with shareholder interests.
Executive Health and Welfare Benefits	We do not have health and welfare benefits outside the scope of our standard plans for all employees.
Voluntary Deferred Compensation Plan	Voluntary deferred compensation plan whereby highly compensated individuals can elect to voluntarily defer all or a portion of their wages in any given year subject to applicable laws and restrictions. Designed to supplement market competitive position and further drive retention of key executives.
Other Compensation	Other compensation includes automobile allowance, Company contributions pursuant to the Patrick Industries, Inc. 401(k) Plan, and Company contributions to individual Health Savings Accounts and health club reimbursement pursuant to the Company's general health and wellness program.
Executive Retirement Plan	Supplemental executive retirement program based on a formula of base wages, service and other criteria designed to retain key senior talent.
Severance Benefits	We provide reasonable and customary transition support aligned to market benchmark data.

Compensation Components – Mix and Levels

Base Salary

The Compensation Committee reviews and approves the base salaries of the NEOs each year, as well as at the time of promotion, change in job responsibilities, or any other change deemed to be a material event. Base salaries are set during the first quarter of each year. The Compensation Committee sets the salary for the President and CEO, and approves the base salaries for the other NEOs based on recommendations by the President and CEO.

When determining base salary adjustments for its NEOs, the Compensation Committee considers a combination of (1) peer group data, (2) market data, including industry norms and benchmarking data from companies of similar size and scope, and (3) outstanding Company and individual performance. In general, the Compensation Committee targets the 25th – 50th percentile of the Company's peer group in determining base salaries and the 75th – 100th percentile of the Company's peer group for determining short-term incentive compensation.

The Board maintained base salaries for the NEOs at the same level for 2014 and 2015, aligning with our "pay-for-differentiated-performance" philosophy. The following table summarizes the 2014 and 2015 base salaries as approved by the Board for the NEOs:

Name	2014 Base Salary – 2/19/14	2015 Base Salary – 1/1/15	% Increase 1/1/15
Todd M. Cleveland	$550,000	$550,000	- %
Jeffrey M. Rodino	275,000	275,000	- %
Andy L. Nemeth	265,000	265,000	- %
Courtney A. Blosser	210,000	210,000	- %

Non-Equity Incentive Plan Awards

The Annual Non-Equity Incentive Plan Awards ("Short-Term Incentives" or "STIs") are reviewed and approved each year and are based on the achievement of a combination of the Company's financial results and the individual's performance against defined objectives. Several key components were considered in the development of the 2015 STI plan to align the STIs with shareholder interest by measuring the Company's financial performance and the individual's performance in support of the Company's short- and long-term strategies. These components include:

Company performance (70% weighting), which is measured by the Company's Net Income performance;

Individual performance (30% weighting), which is measured by actions and initiatives related to four strategic objectives linked to the Company's organizational strategic agenda for the plan year.

For each of the NEOs, a target STI award is established as a percentage of base salary. The portion of the STI award that is tied to individual performance is based on the Compensation Committee's assessment of an individual's performance against defined objectives (30% weighting), with the NEOs each receiving an individual performance rating ranging from 0.0 to 5.0. The Company performance component of the STI award is based upon the Company's Net Income achieved versus target Net Income (70% weighting), with the actual results correlated to established performance targets and corresponding payout thresholds. The threshold Company Net Income performance is 75% of target Net Income and the maximum Company Net Income performance is capped at 120% of target Net Income. The threshold, target and maximum performance metrics for the 2015 STI plan are outlined below:

2015 STI Award Component	Threshold Performance	Target Performance	Maximum Performance
Company Performance (Net Income) (1)	($28.664MM)	($38.219MM)	($45.863MM)
Individual Rating	2.5	3.5	5.0
Payout Percentage	50%	100%	200%

(1) All Net Income targets are net of the contributions of 2015 acquisitions.

If an individual's performance rating is below the threshold rating of 2.5, such individual is not eligible for an STI award regardless of Company performance. If the Company's Net Income performance is below the threshold Company performance of $28.664 million, no individual is eligible for that performance plan year's annual STI award regardless of individual performance.

The individual rating corresponds to a payout ranging from 50% (threshold) to 200% (maximum), and the Company performance is translated into a payout as a percentage of target ranging from 50% (threshold) to 200% (maximum). The individual and Company payout percentages are multiplied by the weighted payout (70% Company performance, 30% individual performance) to establish an aggregate payout as a percentage of the target payout, which is then multiplied by the target STI award to determine the actual dollar award. The range of potential 2015 aggregate payout percentages of the target STI award was as follows:

Threshold individual and Company performance - 50%

Target individual and Company performance - 100%

Maximum individual and Company performance - 200%

The Company achieved plan adjusted fiscal 2015 Net Income of $39.992 million (net of acquisitions) which equated to 105% of the target Company performance. When combined with the individual performance rating for each NEO, the actual STI award payouts for 2015 were as follows:

Name	**2015 Base Salary ($)**	**Target Award as a % of Base Salary (1)**	**Target STI Award ($)**	**Actual Award Amount as a % of Target Award**	**Actual 2015 STI Award Payout ($)**
Todd M. Cleveland	$550,000	163.6%	$900,000	150.00%	$1,350,090
Jeffrey M. Rodino	275,000	145.5%	400,000	143.74%	574,960
Andy L. Nemeth	265,000	126.4%	335,000	146.26%	489,971
Courtney A. Blosser	210,000	83.3%	175,000	138.76%	242,830

(1) The target award as a percentage of base salary for the NEOs was determined by the Compensation Committee and applied to the base salary in effect as of February 18, 2015. An increased target award as a percentage of base salary was established for each NEO in 2015 in alignment with the Company’s “pay-for-differentiated-performance” philosophy, market competitive positions for earned payout and enhancement of the pay-at-risk for each NEO.

While these targets were used in fiscal year 2015, the Compensation Committee reserves the right to modify, cancel, change or reallocate any components of this calculation or criteria at any time.

Each NEO’s individual performance rating takes into account four strategic performance objectives in assessing the personal performance of the NEOs named in the Summary Compensation Table for 2015. The four strategic objectives are specific for each NEO and are linked to the Company’s strategic plan and that year’s organizational strategic agenda and include, among others: (1) improving the revenue and profitability of business units under the leadership and control of the NEO; (2) the introduction of new product lines and product line extensions to achieve target revenue growth levels and market share; (3) the ongoing evaluation of strategic opportunities related to our capital allocation strategy and the execution of those opportunities, as appropriate; and (4) objectives linked to developing and managing talent consistent with the Company’s values, and enhancing and developing the leadership capabilities of the Company’s future leaders.

The individual objectives for the NEOs are initially developed for each NEO by the Compensation Committee to guide their planned respective contribution toward the Company's strategic and financial goals for the plan year, and reviewed and approved by either the CEO or by the Board, in the CEO's case.

In assessing the NEOs' individual performance, the Compensation Committee is provided with detailed quantitative documentation substantiating individual performance against each individual objective. The Compensation Committee looks to the CEO's performance assessments of the other NEOs and his recommendations regarding a performance rating for each, as well as input from the non-management Board members. These recommendations may be adjusted by the Compensation Committee prior to finalization. The personal performance assessment of our CEO is determined by the Compensation Committee with input from members of the Board.

While the achievement of corporate objectives is quantified with an individual rating, each NEO's relative contribution to those objectives is only one qualitative component against which the individual's performance is assessed by the Compensation Committee. Based upon their individual achievements, as evaluated by the Compensation Committee, and by the CEO for Messrs. Rodino, Nemeth and Blosser, the individual performance rating achieved by each of these four NEOs exceeded the target performance rating of 3.5 set by the Compensation Committee.

Discretionary Bonus Payment

The Compensation Committee reviewed the overall 2015 performance of the Company compared to the established peer group. In recognition of the achievement of a third consecutive year of record revenues and net income and the successful execution of a number of strategic priorities, and after reviewing key performance metrics which included: (1) Total Shareholder Return, 2) Return on Equity and 3) Return on Invested Capital, the Compensation Committee recommended and the Board approved, a discretionary bonus payment to Messrs. Rodino, Nemeth and Blosser for their leadership in the achievement of these results as outlined in the table below:

Name	**2015 Discretionary Bonus Payment**
Jeffrey M. Rodino	$ 35,040
Andy L. Nemeth	70,029
Courtney A. Blosser	27,170

Long-Term Incentive Plan

We believe that long-term incentive compensation represents an appropriate motivational tool to achieve certain long-term Company goals and closely align the interests of our management team with those of our shareholders. Our Executive officers participate in our long-term incentive plan ("LTIP") as a result of their ability to make a significant contribution to the Company's financial performance, their level of responsibility, their ability to meet performance objectives, and their leadership potential and execution.

In 2015, the Compensation Committee implemented a Board approved pay-for-performance based Long-Term Incentive Plan ("2015 LTIP") for the NEOs. The 2015 LTIP utilizes a long-term incentive target award, which is established as a percentage of base compensation for each of the NEOs. The target award is comprised of a restricted share award (80% of which is performance-contingent and 20% of which is time-based). In determining the number of shares comprising the restricted share award, the target value of the restricted share component is divided by the stock price per share as established by the Board for the particular plan year, reflecting the trading price range of the common stock preceding the grant date ($29.00 for the 2015 LTIP award). The awarded target shares vest over a three-year time/performance period. Time-based shares cliff vest at the conclusion of the three-year period from the grant date. The performance contingent shares are earned based on the achievement of three-year cumulative Company EBITDA performance (2015-2017) against target up to a maximum payout of 150% of target. The 2015 LTIP further reflected the Company's "pay-for-differentiated-performance" philosophy through the continued use of a performance dependent upside potential for performance in excess of target levels that was first implemented with the 2013 LTIP. The target as a percentage of base compensation was increased for all NEOs in alignment of the Company's "pay-for-differentiated-performance" philosophy, market competitive positions for earned payout and enhancement of the pay-at-risk for each NEO.

The table below shows a sample calculation of 2015 LTIP award components:

Base Salary ($)	**Target Award as a % of Base Salary**	**Target Award ($) (1,551 Restricted Shares @ $29.00 per share)**	**Restricted Shares Target Award - Performance-Contingent (80%) (Shares @ $29.00 per share)**	**Restricted Shares Target Award – Time-Based (20%) (Shares @ $29.00 per share)**
$150,000	30%	$45,000	1,241	310

The restricted share award is divided into (1) restricted shares with time-based vesting (“Time-Based Shares”) and (2) restricted shares with performance-based vesting (“Performance-Contingent Shares”). The Compensation Committee believes that the use of Time-Based Shares and Performance-Contingent Shares aligns the NEOs’ focus with the Company’s long-term financial performance objectives and assures that significant retention value of the granted equity is maintained for each NEO. The 2015 LTIP restricted share component is further defined below:

2015 LTIP Restricted Share Component:

Time-Based Shares – 20% of the shares comprising the restricted share award are Time-Based Shares with a three-year cliff vesting period.

Performance-Contingent Shares – 80% of the shares comprising the restricted share award are Performance-Contingent Shares; award vesting is contingent upon achieving the Company's cumulative EBITDA performance versus target EBITDA over a three-year measurement period.

For the Performance-Contingent Shares, the Company's cumulative three-year EBITDA performance is placed on a scale ranging from 0.0 to 5.0, with threshold EBITDA performance of 80% of target EBITDA (a 2.0 rating) and maximum Company EBITDA performance of 120% of target EBITDA (a 5.0 rating). The threshold, target and maximum performance metrics for the 2015 LTIP are outlined below:

Plan Component	Threshold EBITDA Performance (1) (2.0 Rating) Payout as % of target	Target EBITDA Performance (1) (3.0 Rating) Payout as % of target	Maximum EBITDA Performance (1) (5.0 Rating) Payout as % of target
Time-Based Shares	100%	100%	100%
Performance-Contingent Shares	50%	100%	150%

(1) The Company EBITDA performance is measured as the cumulative EBITDA achieved in 2015, 2016 and 2017.

The target 2015 LTIP award components for the NEOs in 2015 were as follows:

Name	Total Target Award as a % of Base Salary	Total Target Award ($)	Target Time-Based Share Award (Shares)	Target Performance-Contingent Share Award (Shares)
Todd M. Cleveland	227.27%	$1,250,000	8,620	34,484

Jeffrey M. Rodino	90.91%	250,000	1,724	6,897
Andy L. Nemeth	84.91%	225,000	1,551	6,207
Courtney A. Blosser	47.62%	100,000	690	2,758

Individual NEO threshold, target and maximum payouts in shares for each long term incentive component of the 2015 LTIP are outlined below:

Name	Threshold EBITDA Performance (2.0 Rating) Component Award (Shares)	Target EBITDA Performance (3.0 Rating) Component Award (Shares)	Maximum EBITDA Performance (5.0 Rating) Component Award (Shares)
Time-Based Shares (1)			
Todd M. Cleveland	8,620	8,620	8,620
Jeffrey M. Rodino	1,724	1,724	1,724
Andy L. Nemeth	1,551	1,551	1,551
Courtney A. Blosser	690	690	690
Performance-Contingent Shares (1)			
Todd M. Cleveland	17,242	34,484	51,725
Jeffrey M. Rodino	3,448	6,897	10,345
Andy L. Nemeth	3,104	6,207	9,311
Courtney A. Blosser	1,379	2,758	4,138

(1) Represents the number of shares for the threshold, target and maximum payouts for the Time-Based Shares and Performance-Contingent Shares for the 2015 LTIP award.

The Company records the estimated compensation expense over the life of the LTIP Plan Performance Period assuming the maximum payout and adjusts its estimates on a periodic basis, if required. The NEOs have all voting rights of the shares as of the date of grant and the shares will be returned to the Company in the event that performance targets or time-based vesting requirements are not achieved. The actual payout under the 2015 LTIP will be determined at the conclusion of the three-year performance period ending on December 31, 2017 (the third year in the cumulative EBITDA performance measurement period) and payment of the award will be settled in stock.

See “Potential Payments Upon Termination or Change in Control” on pages 32 and 33 payable to each of the NEOs upon termination or a change in control.

<u>2015 NEO Company Stock Ownership Requirement</u>

The NEOs are required to maintain a pre-defined multiple of base salary in the form of ownership of the Company’s common stock based on the Board established target price for a particular plan year that is to be achieved over a period of three years, in the event the condition is not met. The following table sets forth information about the required share value of the Company’s common stock to be owned by each NEO for the year ended December 31, 2015:

Name	2015 Base Salary	2015 Multiple of Base Salary	Required Total Share Value ($) (1)
Todd M. Cleveland	$550,000	4X	$2,200,000 (2)
Jeffrey M. Rodino	275,000	2X	550,000 (2)
Andy L. Nemeth	265,000	2X	530,000 (2)
Courtney A. Blosser	210,000	1.5X	315,000 (2)

(1) Inclusive of stock option valuation, restricted stock awards, and restricted stock units awarded by the Company, and shares purchased by the NEO in the open market.

23

(2) Each NEO's total common stock ownership for the year ended December 31, 2015 exceeded the 2015 requirement.

Supplemental Long-Term Incentive Grant for NEOs

In 2014, in recognition of the leadership, execution and performance of Messrs. Rodino, Nemeth and Blosser throughout the Company's five-year strategic planning period from 2009 through 2013, and in an effort to retain the proven performance capabilities and leadership talent of the three aforementioned NEOs and to provide an incentive to define, develop, drive, and establish a platform to execute the Company's five-year strategic plan for the period from 2014 to 2018 and drive operating results, the Compensation Committee developed and recommended a Board approved Supplemental Long-Term Incentive Grant (the "Grant") for Mr. Rodino, Mr. Nemeth and Mr. Blosser. The Grant is comprised Performance Share Units ("PSUs") and is directly aligned to shareholder interests of performance, growth and shareholder return. The PSUs are to be settled in shares of Patrick common stock. Each NEO listed above will be granted a portion of their total award in the plan years of 2014, 2015 and 2016. Each Grant is scheduled to cliff vest at the conclusion of the three-year performance period and become payable as shares of common stock if the minimum threshold performance is achieved at the end of the performance period. The threshold performance of each grant is 80% of the 3-year cumulative EBITDA target for 2014, 2015 and 2016 established under the Company's LTIP discussed above. The payout for threshold performance is 75% of the target award (noted in the table below). The maximum performance of each grant is 125% of the 3-year cumulative EBITDA target for 2014, 2015 and 2016 established under the Company's LTIP. The payout for maximum performance under the plan is 125% of the target award (noted in the table below). Unvested PSUs are subject to forfeiture if Mr. Rodino's, Mr. Nemeth's or Mr. Blosser's employment with the Company is terminated under certain circumstances before the PSUs vest. The Grant structure at target performance is also noted in the table below:

Name	**Year 1 – 2014** **PSU Grant (shares)** **Threshold/Target/Maximum**	**Year 2 – 2015** **PSU Grant (shares)** **Threshold/Target/Maximum**	**Year 3 – 2016** **PSU Grant (shares)** **Threshold/Target/Maximum**
Jeffrey M. Rodino	6,600 / 8,801 / 11,000	6,600 / 8,800 / 11,000	6,600 / 8,800 / 11,000
Andy L. Nemeth	6,600 / 8,801 / 11,000	6,600 / 8,800 / 11,000	6,600 / 8,800 / 11,000
Courtney A. Blosser	3,300 / 4,399 / 5,500	3,300 / 4,400 / 5,500	3,300 / 4,400 / 5,500

Non-Qualified Stock Options

There were no non-qualified stock options granted in 2015 to the NEOs. A description of all stock awards held by the NEOs as of the end of fiscal 2015 is contained in the "Outstanding Equity Awards at December 31, 2015" table on pages 29 and 30. We reserve the right at any time to grant options under our Patrick Industries, Inc. 2009 Omnibus Incentive Plan.

Executive Retirement Plan and Non-Qualified Excess Plan

Executive Retirement Plan

As part of a long term compensation program established prior to the Company’s acquisition of Adorn in 2007, the Company maintains a non-qualified executive retirement plan (the “Executive Retirement Plan”) for Mr. Nemeth. According to the provisions of the Executive Retirement Plan, Mr. Nemeth is entitled to receive annually 40% of his respective highest annual base wages earned in the last three years prior to retirement or termination from the Company paid over ten years in 260 consecutive bi-weekly payments. Mr. Nemeth became fully vested in the Executive Retirement Plan on May 18, 2007 pursuant to a change of control event, which occurred on May 18, 2007, as a result of the Adorn acquisition and the Company’s private placement of shares to Tontine. No new employees have been invited to participate in the Executive Retirement Plan since January 1, 2007.

Non-Qualified Excess Plan

The Company maintains a voluntary non-qualified deferred compensation plan (the "NQDC Plan") for its key executives whereby individuals can elect at the beginning of any fiscal year to defer all or a portion of their base wages for that particular year, subject to applicable laws and restrictions. Participants are immediately vested in the plan. There were no material contributions made to the NQDC Plan in 2015.

Perquisites

We believe in a performance-based compensation and benefits package and therefore provide very few perquisites to our NEOs. We provide a car allowance to our NEOs, other executives, corporate managers, and general managers, all of which are included as taxable income.

Benefit Plans

We do not maintain separate benefit plans for our NEOs. They participate in the same health and welfare plans as all of our other general employees with the same deductibles and co-pays. The NEOs also participate in the same 401(k) retirement program as all of the other general employees.

Equity Trading Restrictions

The Company has a policy whereby the mandatory trading blackout period begins two weeks or 14 calendar days prior to the close of trading on the stock market on the last trading day of the fiscal month ending in a reporting period (March, June, September and December) and ends after the expiration of two full stock market trading days following the public release of the financial information for that reporting period. During this period, Section 16 insiders and certain management and other employees who have access to "inside" information are precluded from trading in the public market any types of company equity securities. Additionally, the Company precludes any Section 16 insider, as defined by the SEC, Director, Officer or Employee from trading in the public market, or any other market, based on information that is not made available to the general public.

Tax and Accounting Considerations

To the extent that it is practicable and consistent with our executive compensation objectives, we seek to comply with Section 162(m) of the Internal Revenue Code and the regulations adopted thereunder to enable us to claim the tax deductibility of performance-based compensation in excess of $1 million per taxable year to our executive officers. However, if compliance with Section 162(m) conflicts with our compensation objectives or is contrary to the best interests of our shareholders, we will pursue those objectives, regardless of the attendant tax implications. You should be aware that Section 162(m) is highly technical and complex, so that even when we seek favorable tax treatment thereunder, we cannot assure you that our tax position will prevail. We expense equity awards in accordance with Accounting Standards Codification 718 Compensation – Stock Compensation (“ASC 718”).

Summary Compensation Table

The following Summary Compensation Table sets forth information about the compensation paid to our NEOs for the years ended December 31, 2015, 2014 and 2013. There were no stock options awarded to our NEOs for the years ended December 31, 2015 and 2014.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(6)	All Other Compensation ($)(7)	Total ($)
Todd M. Cleveland, President and Chief Executive Officer (8)	2015	$539,424	$-	$1,889,201	$-	$1,350,090	$-	$14,708	$3,793,423
	2014	555,770	490,000	1,849,015	-	806,670	-	15,220	3,716,675
	2013	391,346	-	544,956	2,124,903	975,270	-	15,255	4,051,730
Jeffrey M. Rodino, Chief Operating Officer and Executive Vice President of Sales (9)	2015	271,827	35,040	745,114	-	574,960	-	12,147	1,639,088
	2014	276,517	150,000	449,543	-	291,410	-	12,818	1,180,288
	2013	246,846	-	144,430	-	464,780	-	12,193	868,249
Andy L. Nemeth, Executive Vice President of Finance, Secretary-Treasurer, and Chief Financial	2015	265,000	70,029	707,312	-	489,971	14,132	15,583	1,562,027
	2014	271,730	265,000	441,132	-	215,710	13,523	16,252	1,223,347
	2013	243,270	-	133,523	-	340,230	6,563	15,732	739,318

Officer (10)										
Courtney A. Blosser	2015	202,327	27,170	334,771	-	242,830	-	12,749	819,847
Vice President Human Resources (11)	2014	203,537	90,000	250,379	-	142,450	-	13,042	699,408

(1) For information on base salaries, see “Base Salary” on pages 18 and 19.

(2) The NEOs received discretionary bonus awards for the year ended December 31, 2014 and Messrs. Rodino, Nemeth and Blosser received discretionary bonus awards for the year ended December 31, 2015. The NEOs did not receive any payments that would be characterized as “Bonus” payments for the fiscal year ended December 31, 2013.

(3) Amounts shown do not reflect compensation actually received. Such amounts reflect the aggregate fair value of stock awards and PSUs granted during the year which is generally the total amount that the Company expects, as of the grant date, to expense in its financial statements over the awards vesting schedule in accordance with ASC 718.

(4) Amount shown does not reflect compensation actually received. Such amount reflects the aggregate fair value of stock options and stock appreciation rights (“SARs”) granted during the year which is generally the total amount that the Company expects, as of the grant date, to expense in its financial statements over the awards vesting schedule in accordance with ASC 718. See Note 16 to the Consolidated Financial Statements in our 2015 Annual Report on Form 10-K for the assumptions used in determining the fair value of each option and SARs award based on the Black-Scholes option-pricing model.

(5) Amounts shown represent the short-term incentive awards earned in 2015 by each of the NEOs, and approved by the Compensation Committee, based on the achievement of both pre-determined Company performance targets and individual performance targets for 2015. See “Non-Equity Incentive Plan Awards” on pages 19 and 20.

(6) Amounts shown do not reflect compensation actually received. Such amounts reflect the aggregate change in the present value of the NEOs’ accumulated benefit under the Executive Retirement Plan and the Non-Qualified Excess Plan. In computing these amounts, the Company uses various assumptions including remaining years of service, estimated discount rates, and present value calculations.

(7) The amounts included in "All Other Compensation" are detailed in the table below:

Name	Year	401(k) Matching Contribution ($)	Other (a) ($)	Total All Other Compensation ($)
Todd M. Cleveland	2015	$ 268	$ 14,440	$ 14,708
	2014	780	14,440	15,220
	2013	765	14,490	15,255
Jeffrey M. Rodino	2015	247	11,900	12,147
	2014	718	12,100	12,818
	2013	643	11,550	12,193
Andy L. Nemeth	2015	243	15,340	15,583
	2014	712	15,540	16,252
	2013	642	15,090	15,732
Courtney A. Blosser	2015	249	12,500	12,749
	2014	642	12,400	13,042

(a) Amounts shown reflect an automobile allowance, the Company contribution to individual Health Savings Accounts, and health club reimbursement pursuant to the Company's general health and wellness program.

(8) Effective January 1, 2016, Mr. Cleveland will continue to serve as CEO of the Company, a position he has held since February 2009. Mr. Cleveland was President of the Company from May 2008 to December 31, 2015.

(9) Mr. Rodino was appointed COO of the Company in March 2013. In addition to his COO position, Mr. Rodino serves as Executive Vice President of Sales, a position he has held since December 2011.

(10) Mr. Nemeth assumed the position of President of the Company effective January 1, 2016. This position was previously held by Mr. Cleveland from May 2008 to December 31, 2015. In addition to his President role, Mr. Nemeth also serves as the Secretary-Treasurer, a position he has held since 2002. Prior to that, Mr. Nemeth was the Executive Vice President of Finance and Chief Financial Officer from May 2004 to December 31, 2015. Joshua A. Boone, the previous Director of Finance of the Company, assumed the position of CFO of the Company effective January 1, 2016.

(11) Mr. Blosser was appointed Vice President of Human Resources of the Company in October 2009 and elected an officer in May 2010. He became a Named Executive Officer in 2014.

Grants of Plan-Based Awards During Fiscal Year 2015

The table below sets forth information on grants in 2015 to the NEOs of estimated payouts under non-equity incentive plan awards as set forth under “Non-Equity Incentive Plan Awards” on pages 19 and 20, estimated payouts under equity incentive plan awards as set forth under “Long-Term Incentive Plan” on pages 21 to 23, “Supplemental Long-Term Incentive Grant for NEOs” as set forth on page 24, and of stock awards and all other option awards as set forth in the “Summary Compensation Table” on pages 26 and 27. The Company’s policy is generally to grant equity awards effective on the date the Compensation Committee approves such awards.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)(3)						
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: # of Shares of Stock or Units (#) (4)**	**All Other Option Awards: # of Securities Underlying Options (#)**	**Exercise or Closing Market Price on Grant Dates ($ Per Share) (5)**	**Grant Date Fair Value of Stock and Option Awards/ SARs ($) (6)**
Todd M. Cleveland	2/16/15	$450,000	$900,000	$1,800,000	17,242	34,484	51,725	8,620	-	$31.31	$1,889,201
Jeffrey M. Rodino	2/16/15	200,000	400,000	800,000	3,448	6,897	10,345	1,724	-	31.31	377,840
	3/30/15	-	-	-	6,600	8,800	11,000	-	-	41.73	367,274
Andy L. Nemeth	2/16/15	167,500	335,000	670,000	3,104	6,207	9,311	1,551	-	31.31	340,038
	3/30/15	-	-	-	6,600	8,800	11,000	-	-	41.73	367,274
Courtney A. Blosser	2/16/15	87,500	175,000	350,000	1,379	2,758	4,138	690	-	31.31	151,165
	3/30/15	-	-	-	3,300	4,400	5,500	-	-	41.73	183,606

(1) The related performance targets and results are described in detail under “Non-Equity Incentive Plan Awards” on pages 19 and 20. For the actual non-equity incentive awards, see the “Summary Compensation Table” on pages 26 and 27.

(2) Restricted shares granted in fiscal 2015 under the 2015 LTIP that are Performance-Contingent based will vest if target EBITDA performance is achieved at the conclusion of the cumulative three-year performance measurement period ending on December 31, 2017. See “Long-Term Incentive Plan” on pages 21 to 23.

(3) Restricted PSUs granted in fiscal 2015 under the Supplemental Long-Term Incentive Grant will vest if target EBITDA performance is achieved at the conclusion of the cumulative three-year performance measurement period ending on December 31, 2017. See “Supplemental Long-Term Incentive Grant for NEOs” on page 24.

(4) These shares represent the Time-Based restricted stock awards granted in fiscal 2015 that vest on the third anniversary of the grant date. See “Long-Term Incentive Plan” on pages 21 to 23.

(5) The base price of the Time-Based and Performance-Contingent based stock awards is the closing price of the Company’s stock on the NASDAQ stock market on the grant date.

(6) Represents the fair value of stock awards, stock options and SARs as of the grant date computed in accordance with ASC 718.

Outstanding Equity Awards at December 31, 2015

The following table summarizes the outstanding equity awards held by the NEOs as of December 31, 2015.

		Options/SARs Awards			
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options/ SARs (#) Exercisable (1)**	**Number of Securities Underlying Unexercised Options/SARs (#) Unexercisable (1)**	**Options /SARs Exercise Price ($)**	**Options/SARs Expiration Date**
Todd M. Cleveland	12/18/13	100,000	100,000	$ 18.45	12/18/22
	12/18/13	25,000	24,999	18.45	12/18/22
	12/18/13	25,000	24,999	22.13	12/18/22
	12/18/13	25,000	24,999	26.56	12/18/22
	12/18/13	25,000	24,999	31.87	12/18/22
Jeffrey M. Rodino	-	-	-	-	-
Andy L. Nemeth	-	-	-	-	-
Courtney A. Blosser	-	-	-	-	-

(1) Both the stock options and SARs were granted in 2013 and vest pro-rata over three years, commencing on December 18, 2014, and expire after nine years. Unvested options and SARs are subject to forfeiture if the NEO's employment with the Company is terminated under certain circumstances before the options or SARs vest.

		Stock Awards			
Name	**Grant Date**	**Number of Shares or Units of Stock That**	**Market Value of Unearned Shares or Units of Stock That Have Not**	**Equity Incentive Plan Awards: Number of Unearned**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned**

		Have Not Vested (#) (1)	Vested ($) (2)	Shares or Units That Have Not Vested (#) (3)	Shares or Units That Have Not Vested ($) (2)
Todd M. Cleveland	2/16/15	8,620	$ 374,970	51,725	$ 2,250,038
	2/18/14	10,645	463,058	63,872	2,778,432
	3/04/13	8,275	359,963	49,658	2,160,123
Jeffrey M. Rodino	2/16/15	1,724	74,994	10,345	450,008
	2/18/14	1,330	57,855	7,986	347,391
	3/04/13	2,193	95,396	13,161	572,504
Andy L. Nemeth	2/16/15	1,551	67,469	9,311	405,029
	2/18/14	1,282	55,767	7,695	334,733
	3/04/13	2,028	88,218	12,167	529,265
Courtney A. Blosser	2/16/15	690	30,015	4,138	180,003
	2/18/14	813	35,366	4,878	212,193
	3/04/13	1,024	44,544	6,146	267,351

(1) Restricted share grants related to Time-Based share awards, which were approved by the Board on February 16, 2015, February 18, 2014, and March 4, 2013, will fully vest on the third anniversary of the grant date or February 16, 2018, February 18, 2017, and March 4, 2016, respectively. Unvested restricted stock awards are subject to forfeiture under certain circumstances if the NEO’s employment with the Company is terminated before the shares vest.

(2) Based on a market price of $43.50 per share which was the NASDAQ Stock Market closing price on December 31, 2015.

(3) Restricted share grants related to Performance-Contingent based share awards, which were approved by the Board on February 16, 2015, February 18, 2014 and March 4, 2013, for Messrs. Rodino, Nemeth and Blosser, will vest if target EBITDA performance is achieved at the conclusion of the cumulative three-year performance measurement period. Unvested restricted stock awards are subject to forfeiture under certain circumstances if the NEO's employment with the Company is terminated before the shares vest.

Name	**Grant Date**	**Performance Stock Units Equity Incentive Plan Awards: Number of Unearned Shares or Units That Have Not Vested (#) (1)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares or Units That Have Not Vested ($) (2)**
Jeffrey M. Rodino	3/30/15	8,800	$ 382,800
	2/18/14	8,801	382,844
Andy L. Nemeth	3/30/15	8,800	382,800
	2/18/14	8,801	382,844
Courtney A. Blosser	3/30/15	4,400	191,400
	2/18/14	4,399	191,357

(1) Restricted share grants related to PSUs, which were approved by the Board on March 30, 2015 and February 18, 2014, will vest if target EBITDA performance is achieved at the conclusion of the cumulative three-year performance measurement period. Unvested PSUs are subject to forfeiture if the NEO's employment with the Company is voluntarily terminated before the shares vest.

(2) Based on a market price of $43.50 per share which was the NASDAQ Stock Market closing price on December 31, 2015.

Stock Options and Stock Appreciation Rights Exercises and Stock Vested in Fiscal 2015

The following table sets forth information about the value realized by the NEOs on vesting of stock awards and the exercise of stock options and stock appreciation rights in 2015.

Name	Stock Options/SARS		Stock Awards	
	Number of Shares Acquired on Exercise (#)(1)(2)	Value Realized on Exercise ($)(1)(2)	Number of Shares Acquired on Vesting (#)(3)(4)	Value Realized on Vesting ($)(3)(4)
Todd M. Cleveland	147,638	$4,852,741	105,000	$3,170,400
Jeffrey M. Rodino	-	-	24,000	724,700
Andy L. Nemeth	-	-	28,200	851,500
Courtney A. Blosser	-	-	13,500	407,600

(1) The number of shares acquired on exercise in 2015 related to stock options was 100,000 shares for Mr. Cleveland. The value realized on exercise was based on the difference between the market price per share of the common stock on the date of exercise and the option exercise price.

(2) The net number of shares acquired on exercise of a total of 100,004 SARS in 2015 was 47,638 shares for Mr. Cleveland. The determination of the net number of shares acquired and the related value realized on exercise was based on the difference between the market price per share of the common stock on the date of exercise and the exercise price of the SARs in each of the four tranches. See the “Stock Appreciation Rights (SARS)” section of Note 16 to the Consolidated Financial Statements in our 2015 Annual Report on Form 10-K for a description of individual exercise prices related to the four tranches of the SARS award to Mr. Cleveland.

(3) The number of shares acquired on vesting in 2015 related to Time-Based share awards was 21,000 shares for Mr. Cleveland, 4,800 shares for Mr. Rodino, 5,640 shares for Mr. Nemeth, and 2,700 shares for Mr. Blosser. The value realized on vesting was based on a market price of $38.31 per share, which was the Nasdaq Stock Market closing price on March 12, 2015, times the total number of shares acquired on vesting.

(4) The number of shares acquired on vesting in 2015 related to Performance-Contingent share awards was 84,000 shares for Mr. Cleveland, 19,200 shares for Mr. Rodino, 22,560 shares for Mr. Nemeth, and 10,800 shares for Mr. Blosser. The value realized on vesting was based on a market price of $28.17 per share, which was the Nasdaq Stock Market closing price on January 28, 2015 (the date the performance conditions were met), times the total number of shares acquired on vesting.

Equity Compensation Plan Information

Plan Category	(a) **Number of securities to be issued upon exercise of outstanding options and rights (1)**	(b) **Weighted average exercise price of outstanding options and rights**	(c) **Number of securities remaining for future issuance under equity compensation plans (excluding securities reflected in column (a))**
Equity compensation plans approved by security holders	428,871	$ 20.22	1,077,227
Equity compensation plans not approved by security holders	-	N/A	-
Total	428,871	$ 20.22	1,077,227

(1) The number of securities represented is the amount of shares to be issued upon exercise of outstanding options and SARs as of December 31, 2015.

Non-Qualified Deferred Compensation

The following table sets forth information about the participation of the NEOs in the Executive Retirement Plans and the Non-Qualified Excess Plan, and is set forth in the "Summary Compensation Table" under the caption "Change in Pension Value and Non-Qualified Deferred Compensation Earnings":

Name	**Executive Contribution in Last FY ($)**	**Registrant Contributions in Last FY ($)**	**Aggregate Earnings in Last FY ($) (1)**	**Aggregate Withdrawals/ Distributions ($)**	**Aggregate Balance as of Last FYE ($) (2)**
Todd M. Cleveland	-	-	-	-	-
Jeffrey M. Rodino	-	-	-	-	-
Andy L. Nemeth (3)	-	-	$ 14,132	-	$ 180,067
Courtney A. Blosser	-	-	-	-	-

(1) Represents the interest for the current fiscal year associated with the annuity.

(2) Represents the present value of an annuity as of December 31, 2015 to be paid at retirement pursuant to the terms of the Executive Retirement Plan agreement. The aggregate balance as of January 1, 2015 was $165,935.

(3) According to the provisions of the Executive Retirement Plan, payments of the annuity for Mr. Nemeth will commence prior to his eligible retirement age over a 10-year vesting period due to death or disability.

See “Executive Retirement Plan and Non-Qualified Excess Plan” summary descriptions on pages 24 and 25.

Employment Contracts

The Company has entered into Employment Agreements with Messrs. Cleveland, Rodino and Nemeth, pursuant to which they agreed to serve as executive officers of the Company. Mr. Blosser does not have an employment agreement. The Agreements contain a non-compete clause and certain other stipulations and provide for a severance package that includes twelve (12) months base salary. Under the Agreements, voluntary termination with or without cause, death, disability or retirement, shall not result in any obligation of the Company to make payments.

Potential Payments Upon Termination or Change in Control

We believe that the Company should provide reasonable severance benefits to our NEOs and other general employees that are fair and commensurate with their job duties, functions, and responsibilities. We believe it is important to protect our key employees in the event of a change in control and it is also in the best interest of the Company to obtain a release from employees whose employment is terminated as well as a non-compete agreement from certain employees in the form of an employment agreement. The following table summarizes the employment agreements at December 31, 2015 for our NEOs in the event they are terminated without cause or upon change in control. In addition to reasonable severance benefits, our NEOs, other executives, and general employees who have received long-term incentive awards (in the form of restricted stock grants, PSUs, stock options and SARS) are immediately vested in all restricted incentive awards granted and the target long-term cash award as defined in the terms and conditions of the LTI grant.

Name	**Severance Benefits Upon Termination Without Cause or Upon Change in Control (1)**	**Non-Compete**	**Confidentiality Agreement**
Todd M. Cleveland	12 Months Base Salary and Insurance Benefits	2 Years	Indefinite
Jeffrey M. Rodino	12 Months Base Salary and Insurance Benefits	2 Years	Indefinite
Andy L. Nemeth	12 Months Base Salary and Insurance Benefits	1 Year	1 Year
Courtney A. Blosser	N/A	-	-

(1) Employee is required to sign a mutual release of claims in a form satisfactory to the Company.

Based on the employment and compensation arrangements in effect as of December 31, 2015 and assuming a hypothetical termination date of December 31, 2015, including the price of the Company's common stock on that date, the benefits upon termination without cause or a change in control for our NEOs would have been as follows in the table below. Per the NEOs' employment agreements, there are no benefits payable to the NEOs for involuntary termination due to death or disability except that all unvested stock awards will be accelerated upon the NEO's death or disability.

Name / Benefit	Change in Control, Involuntary/ Voluntary Termination, Involuntary Termination Without Cause
Todd M. Cleveland	
Base salary	$ 550,000
Acceleration of long-term incentives (1)	8,386,584
Acceleration of stock options/SARs exercise (2)	4,379,675
Total benefits	$ 13,316,259
Jeffrey M. Rodino	
Base salary	$ 275,000
Acceleration of long-term incentives (1)	1,598,148
Acceleration of long-term performance stock units (3)	765,644
Total benefits	$ 2,638,792
Andy L. Nemeth	
Base salary	$ 265,000
Acceleration of long-term incentives (1)	1,480,481
Acceleration of long-term performance stock units (3)	765,644
Total benefits	$ 2,511,125
Courtney A. Blosser	
Base salary	$ -
Acceleration of long-term incentives (1)	769,472
Acceleration of long-term performance stock units (3)	382,757
Total benefits	$ 1,152,229

(1) Represents the market value of unearned shares or units of restricted stock that have not vested based on a market price of $43.50 per share, which was the NASDAQ Stock Market closing price on December 31, 2015.

(2) Represents the market value of unexercisable stock options and SARs that have not vested based on the difference between the market price of $43.50 per share, which was the NASDAQ Stock Market closing price on December 31, 2015, and the option or SARs exercise price.

(3) Represents the market value of unearned PSUs that have not vested based on a market price of $43.50 per share, which was the NASDAQ Stock Market closing price on December 31, 2015. Unvested PSUs are subject to forfeiture if the NEO’s employment with the Company is terminated under certain circumstances before the PSUs vest. See “Supplemental Long-Term Incentive Grant for NEOs” on page 24.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

The Compensation Committee:

Walter E. Wells (Chairman)

John A. Forbes

Michael A. Kitson

M. Scott Welch

RELATED PARTY TRANSACTIONS

We have entered into certain transactions with Tontine, which as of March 28, 2016, owned 8.5% of our common stock outstanding and is a related party as such term is defined under Item 404(a) of Regulation S-K. On April 10, 2007, in connection with the financing of the Adorn acquisition, we entered into the 2007 Securities Purchase Agreement with Tontine that provided, among other things, so long as Tontine (i) holds between 7.5% and 14.9% of the Company's common stock then outstanding, Tontine has the right to appoint one nominee to the Board; or (ii) holds at least 15% of the Company's common stock then outstanding, Tontine has the right to appoint two nominees to the Board. The Company also agreed to limit the number of directors serving on its Board to no more than nine directors for so long as Tontine has the right to appoint a director to the Board. Subsequently, Tontine agreed to waive the Company's obligation to limit the size of its Board in connection with the increase of the Board to 10 persons in order to allow the appointment of Michael A. Kitson as a director in March 2013. Mr. Cerulli's appointment to the Board in July 2008 was made pursuant to Tontine's right to appoint directors as described above. In 2015, the Company repurchased 150,000 shares of its common stock from Tontine in a privately negotiated transaction, for a total cost of $4.4 million.

In addition, we have entered into transactions with companies affiliated with two of our independent Board members. In 2015, the Company purchased approximately $0.2 million of corrugated packaging materials from Welch Packaging Group ("Welch"), an independently owned company established by M. Scott Welch. Mr. Welch also serves as the President and CEO of Welch. Also in 2015, we sold approximately $0.4 million of various fiberglass and plastic components and wood products to Utilimaster Corporation, a subsidiary of Spartan Motors, Inc. John A. Forbes serves as the President of Utilimaster.

Review, Approval or Ratification of Transactions with Related Persons

We have no formal policy related to the approval of related party transactions. However, the Company undergoes specific procedures when evaluating related party transactions. A related party transaction is generally reported to the Chief Executive Officer or Chief Financial Officer, who assists in gathering the relevant information about the transaction and presents the information to the Board or one of its Committees. The Board then approves, ratifies, or rejects the transaction. The related party transactions with Tontine and with companies affiliated with two of the Company's board members described above were approved by the Board consistent with these procedures.

HOUSEHOLDING OF ANNUAL MEETING MATERIALS

Some banks, brokers, and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of this Notice of Annual Meeting and Proxy Statement and the Annual Report for the year ended December 31, 2015 may have been sent to multiple shareholders in your household. If you would prefer to receive separate copies of a proxy statement or annual report either now or in the future, please contact your bank, broker, or other nominee. Upon written or oral request to Andy L. Nemeth-Secretary, we will provide a separate copy of the Annual Report for the year ended December 31, 2015 or Notice of Annual Meeting and Proxy Statement.

OTHER MATTERS

A copy of our Annual Report on Form 10-K for the year ended December 31, 2015, excluding certain of the exhibits thereto, may be obtained without charge by writing to Andy L. Nemeth-Secretary, Patrick Industries, Inc., 107 West Franklin Street, P.O. Box 638, Elkhart, Indiana 46515-0638.

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

Shareholders are urged to execute and return promptly the enclosed form of proxy in the envelope provided.

By Order of the Board of Directors,

/s/ Andy L. Nemeth

Andy L. Nemeth
Secretary
April 26, 2016

35