

PATRICK INDUSTRIES INC
Form DEF 14A
April 21, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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 Rule 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):

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 - 3) Filing Party:
 - 4) Date Filed:
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PATRICK INDUSTRIES, INC.
107 West Franklin Street
P.O. Box 638
Elkhart, Indiana 46515-0638
(574) 294-7511

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 20, 2010

TO OUR 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 corporate office, 107 West Franklin Street, Elkhart, Indiana, on Thursday, May 20, 2010 at 10:00 A.M., Eastern time, for the following purposes:

1. To elect eight directors to the Board of Directors to serve until the 2011 Annual Meeting of Shareholders.
2. To ratify the appointment of Crowe Horwath LLP as our independent registered public accounting firm for fiscal year 2010; and
3. To consider and transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board has fixed the close of business on March 24, 2010, as the record date for the determination of the holders of shares of our 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.

Your vote is important. Whether or not you expect to attend the meeting, please vote your shares using the Internet, by telephone, or by mail by signing, dating, and returning the enclosed proxy in the enclosed envelope. Your shares will then be represented at the meeting if you are unable to attend. You may, of course, revoke your Proxy and vote in person at the meeting if you desire. If you hold shares through a broker or other custodian, please check the voting instructions used by that broker or custodian. Please note that this year the rules that guide how brokers vote your shares have changed. Brokers may no longer vote your shares on the election of directors in the absence of your specific instructions as to how to vote. Please return your proxy card so your vote can be counted.

By Order of the Board of Directors,

/s/ Andy L. Nemeth

Andy L. Nemeth
Secretary

April 26, 2010

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held
On May 20, 2010.

Our Proxy Statement and Annual Report to Shareholders for fiscal 2009 are available on Patrick Industries, Inc.'s website at www.patrickind.com under "Investors." You may also request hard copies of these documents free of charge by writing to us at the address above, Attention: Office of the Secretary.

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PROXY STATEMENT

Annual Meeting of Shareholders

To Be Held May 20, 2010

This Proxy Statement and the accompanying Proxy Card are being mailed to shareholders of Patrick Industries, Inc. (the “Company” or “Patrick”) on or about April 26, 2010, and are furnished in connection with the solicitation of proxies by the Board of Directors’ (the “Board”) for the Annual Meeting of Shareholders to be held on May 20, 2010 (the “Annual Meeting”) 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, or is voted by Internet or by telephone, 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 otherwise, 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.

Patrick’s Annual Report to Shareholders, which contains Patrick’s Annual Report on Form 10-K for the year ended December 31, 2009, accompanies this Proxy Statement. Requests for additional copies of the Annual Report on Form 10-K should be submitted to the Office of the Secretary, Patrick Industries, Inc., 107 West Franklin Street, P.O. Box 638, Elkhart, Indiana 46515-0638. Annual meeting materials may also be viewed online through our website, www.patrickind.com.

VOTING INFORMATION

Each shareholder is entitled to one vote for each share of our common stock held as of the record date. For purposes of the meeting, a quorum means a majority of the outstanding shares. Abstentions and withheld votes are counted as shares represented at the meeting for purposes of determining a quorum. As of the close of business on March 24, 2010, the record date for shareholders entitled to vote at the Annual Meeting, there were outstanding 9,182,189 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. Proxies properly executed and received by us prior to the meeting and not revoked will be voted as directed therein on all matters presented at the meeting.

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. With respect to any other proposal, a shareholder may vote for, against or abstain.

Please note that this year the rules that guide how brokers vote your stock have changed. Brokers may no longer vote your shares on the election of directors in the absence of your specific instructions as to how to vote. Please return your proxy card so your vote can be counted.

If a shareholder's shares are held by a broker on the shareholder's behalf (that is, in "street name") and the shareholder does not instruct the broker as to how to vote the shareholder's shares on the election of directors, the broker may not exercise discretion to vote for or against this proposal. This is a "broker non-vote." A broker non-vote occurs when a broker holding shares registered in street name is permitted to vote, in the broker's discretion, on routine matters without receiving instructions from the client, but is not permitted to vote without instructions on non-routine matters, and the broker returns a proxy card with no vote on the non-routine matter. Broker non-votes and abstentions will be included in the determination of the number of shares of common stock present at our Annual Meeting for quorum purposes, but will not be counted as votes cast on any matter presented at our Annual Meeting that is a non-routine matter. If, however, the shareholder does not instruct the broker as to how to vote the shares on the ratification of accountants, the broker may exercise its discretion to vote for or against that proposal.

A broker or other nominee may vote your shares on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal 2. Under Proposal 1, 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. Proposal 2 in this Proxy Statement requires the affirmative vote of a majority of the votes cast, provided a quorum (50% of the outstanding shares of common stock) is present. Broker non-votes and abstentions will have no effect on Proposal 2.

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

Shareholder proposals for inclusion in proxy materials for the next Annual Meeting should be addressed to the Office of the Secretary, 107 West Franklin Street, P.O. Box 638, Elkhart, Indiana 46515-0638, and must be received no later than December 27, 2010. In addition, our 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, in writing, to the Company's Secretary, together with certain prescribed information, on or after January 31, 2011 and no later than February 19, 2011. Likewise, the Articles of Incorporation and By-laws require that shareholder nominations to the Board be delivered to the Secretary, together with certain prescribed information in accordance with the procedures for bringing business before an annual meeting at which directors are to be elected.

PROPOSAL 1

ELECTION OF DIRECTORS

There are eight nominees for election to the Board, all of which are current members of our Board. The individuals elected as directors at the 2010 Annual Meeting will be elected to hold office until the 2011 Annual Meeting or until their successors are duly elected and qualified.

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 Board does not anticipate that any nominee will be unable or unwilling to serve.

The information provided below has been furnished by the director nominees, and sets forth the names, ages (as of March 31, 2010), principal occupations, recent professional experience, certain specific qualifications identified as part of the Board's determination that each such individual should serve on the Board, and other directorships at other public companies for at least the past five years, if any. Each of the following nominees was elected to his present term of office at the Annual Meeting of Shareholders held on May 21, 2009.

Paul E. Hassler, age 62, has been our Chairman of the Board since May 2008. Mr. Hassler was Chief Executive Officer of the Company from April 2004 to January 2009 (retired) and President from April 2004 to May 2008. Mr. Hassler held the position of Vice President Operations and Distribution - West of the Company from December 2003 through the first quarter of 2004; Executive Director of West Coast Operations from 1994 to 2003; and General Manager of California Operations from 1986 to 1994. Mr. Hassler has over 37 years of recreational vehicle, manufacturing housing and industrial experience in various capacities and has demonstrated exemplary leadership as Non-Executive Chairman of the Board. He has served as a director of the Company since 2005.

Terrence D. Brennan, age 71, was the President and Chief Executive Officer of NBD Bank, Elkhart, Indiana from 1973-1997 (retired). Mr. Brennan has extensive knowledge of the banking industry and its operations, experience in corporate management and leadership, and strategic planning. He possesses accounting and financial acumen, and has been determined to be an "audit committee financial expert" under the Securities and Exchange Commission ("SEC") rules and regulations. He currently serves as the Chairman of the Company's Corporate Governance and Nominations Committee and has served as a director of the Company since 1999.

Joseph M. Cerulli, age 50, has been employed by Tontine Associates, LLC, an affiliate of Tontine Capital Partners, LP, Tontine Capital Overseas Master Fund, LP, and Tontine Capital Overseas Master Fund II, LP (collectively, "Tontine") since January 2007. Prior to that, Mr. Cerulli was an independent financial consultant from 2002 to 2006. Mr. Cerulli is a director of Neenah Enterprises, Inc., one of the largest independent foundry companies in the U.S. As an employee of Tontine, the majority shareholder of the Company's common stock, Mr. Cerulli possesses particular knowledge of our Company and the industries in which we operate and possesses accounting and financial acumen and extensive knowledge with respect to financial and investment matters. He has served as a director of the Company since 2008.

Todd M. Cleveland, age 42, has been serving as Chief Executive Officer of the Company since February 2009. Mr. Cleveland assumed the position of President and Chief Operating Officer of the Company in May 2008. Prior to that, he served as Executive Vice President of Operations and Sales and Chief Operating Officer of the Company from August 2007 to May 2008. Mr. Cleveland also spent 17 years with Adorn Holdings, Inc. ("Adorn") serving as President and Chief Executive Officer from 2004 to 2007; President and Chief Operating Officer from 1998 to 2004; and Vice

President of Operations and Chief Operating Officer from 1994 to 1998. Mr. Cleveland has over 19 years of recreational vehicle, manufacturing housing and industrial experience in various operating capacities. He also has extensive knowledge of our Company and the industries to which we sell our products, and experience with management development and leadership, acquisitions, strategic planning, manufacturing, and sales of our products. He has served as a director of the Company since 2008.

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Keith V. Kankel, age 67, was the Interim President and Chief Executive Officer of the Company from 2003 to 2004 (retired). In addition, he was Vice President of Finance of the Company from 1987 through July 2002, and retired Secretary-Treasurer of the Company from 1974 through July 2002. Mr. Kankel has accounting and financial acumen, with particular knowledge of financial reporting, and has been determined to be an “audit committee financial expert” under the SEC’s rules and regulations. His long-time service on the Board has provided critical knowledge of our operations and corporate history. He currently serves as the Chairman of the Company’s Audit Committee and has served as a director of the Company since 1977.

Andy L. Nemeth, age 41, has been the Company’s Executive Vice President of Finance, Secretary-Treasurer, and Chief Financial Officer since May 2004. Mr. Nemeth was Vice President-Finance, Chief Financial Officer, and Secretary-Treasurer from 2003 to 2004, and Secretary-Treasurer from 2002 to 2003. Mr. Nemeth was a Division Controller from 1996 to 2002 and prior to that, he spent five years in public accounting. Mr. Nemeth has over 18 years of recreational vehicle, manufactured housing, and industrial experience in various financial capacities. Mr. Nemeth also has particular knowledge of our Company and the industries to which we sell our products, extensive experience with corporate management, acquisitions, strategic planning and banking relations, and has financial and accounting acumen. He has served as a director of the Company since 2006.

Larry D. Renbarger, age 71, was the Chief Executive Officer of Shelter Components, a manufacturer and supplier of products to the manufacturing housing and recreational vehicle industries, from 1984 to 1998 (retired). Mr. Renbarger has particular knowledge of our Company and the industries in which we sell our products, experience in corporate management and leadership, and strategic planning. He also has a public accounting background and has been determined to be an “audit committee financial expert” under the SEC’s rules and regulations. He has served as a director of the Company since 2002.

Walter E. Wells, age 71, was the President and Chief Executive Officer of Schult Homes Corporation, a leading builder of manufactured and modular housing, from 1970 to 1998 (retired). Mr. Wells has particular knowledge of our Company and the industries in which we sell our products, experience in corporate management and leadership, and strategic planning. He possesses financial acumen and has been determined to be an “audit committee financial expert” under the SEC’s rules and regulations. He currently serves as the Chairman of the Company’s Compensation Committee and has served as a director of the Company since 2001.

The Board of Directors unanimously recommends a vote FOR the nominated directors, and your proxy will be so voted, unless you specify otherwise.

PROPOSAL 2

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Crowe Horwath LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010. Crowe Horwath LLP has been the Company’s independent registered public accounting firm since June 2009, and is considered by management to be well qualified. The Board and the Audit Committee recommend that shareholders ratify the appointment of Crowe Horwath LLP as our independent registered

public accounting firm for our fiscal year 2010. Although we are not required to do so, we believe that it is appropriate to request that shareholders ratify this appointment. If shareholders do not ratify the appointment, the Audit Committee will investigate the reasons for the shareholders' rejection and reconsider the appointment. Representatives of Crowe Horwath LLP will be at the Annual Meeting, will be given the opportunity to make a statement, and will be available to respond to questions.

Unless otherwise instructed, the proxy holders will vote the proxies received by them "FOR" approval of the ratification of the appointment of Crowe Horwath LLP. The ratification of the appointment will be approved by our shareholders if, at the Annual Meeting, a quorum is present and a majority of the shares present in person or represented by proxy and entitled to vote on the proposal are voted in favor of the proposal.

The Board of Directors recommends a vote FOR approval of the ratification of the appointment of Crowe Horwath LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of the record date, information concerning the only parties known to us as having beneficial ownership of more than five percent of our outstanding common stock and information with respect to the stock ownership of all of our directors, named executive officers and named officers, individually and as a group. The address of each director and executive officer listed below is 107 West Franklin Street, P.O. Box 638, Elkhart, Indiana, 46515-0638.

Name and Address of Beneficial Owner	Aggregate Number of Shares of Common Stock Beneficially Owned	Percent of Class
Five Percent Shareholders:		
Jeffrey L. Gendell c/o Tontine Capital Management, L.L.C. 55 Railroad Avenue, 1st Floor Greenwich, CT 06830	5,174,963 (1)	56.4 %
Andrew K. Boszhardt, Jr. and Zoltan H. Zsitvay c/o Great Oaks Capital Management, LLC 660 Madison Avenue, 14th Floor New York, NY 10065	552,015 (2)	6.0 %
Wells Fargo and Company 420 Montgomery Street San Francisco, CA 94104	543,623 (3)	5.9 %
Directors:		
Keith V. Kankel	36,186	*
Larry D. Renbarger	36,000	*
Terrence D. Brennan	28,500	*
Walter E. Wells	28,500	*
Joseph M. Cerulli (4)	3,500	*
Named Executive Officers and Named Officers:		
Paul E. Hassler (5)	44,005	*
Todd M. Cleveland (6)	247,165	2.7 %
Andy L. Nemeth (7)	108,714	1.2 %
Doyle K. Stump (8)	52,250	*

James S. Ritchey (9)

33,626