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

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. FOR FISCAL YEAR ENDED DECEMBER 28, 2002.

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. For the transition period from to .

Commission File No.: 0-22684

UNIVERSAL FOREST PRODUCTS, INC.
(Exact name of registrant as specified in its charter)

MICHIGAN	38-1465835
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2801 E. BELTLINE, N.E., GRAND RAPIDS, MICHIGAN (Address of principal executive offices)	49525 (Zip Code)

(616) 364-6161
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of each exchange on which registered
NONE	

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, NO PAR VALUE
(Title of Class)

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13, or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes: X No:

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes: X No:

As of June 28, 2002, 17,906,447 shares of the registrant's common stock, no par value, were outstanding. The aggregate market value of the common stock held by non-affiliates of the registrant (i.e. excluding shares held by executive officers, directors, and control persons as defined in Rule 405, 17 CFR 230.405) on that date was $303,999,844 computed at the closing price of $23.42 on that date.

As of March 1, 2003, 17,715,710 shares of the registrant's common stock, no par value, were outstanding.

Documents incorporated by reference:

(1) Certain portions of the Company's Annual Report to Shareholders for the fiscal year ended December 28, 2002 are incorporated by reference into Part I and II of this Report.

(2) Certain portions of the Company's Proxy Statement for its 2003 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

Exhibit Index located on page E-1.

ANNUAL REPORT ON FORM 10-K
DECEMBER 28, 2002
TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS.

(a) GENERAL DEVELOPMENT OF THE BUSINESS.

Universal Forest Products, Inc. was organized as a Michigan corporation in 1955. We engineer, manufacture, treat, distribute and install lumber, composite, plastic and other building products to the DIY/retail, site-built construction, manufactured housing, industrial and other markets. We currently operate more than 90 facilities throughout the United States, Canada, and Mexico.

Information relating to current developments in our business is incorporated by reference from our Annual Report to Shareholders for the fiscal year ended December 28, 2002 ("2002 Annual Report") under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." Selected portions of the 2002 Annual Report are filed as Exhibit 13 with this Form 10- K Report.

Our Internet address is www.ufpi.com. Through our Internet web site, we make available free of charge, as soon as reasonably practical after such information has been filed or furnished to the SEC, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act.

(b) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS 131") defines operating segments as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Under the definition of a segment, our Eastern and Western Divisions may be considered an operating segment of our business. Under SFAS 131, segments may be aggregated if the segments have similar economic characteristics and if the nature of the products, distribution methods, customers and regulatory environments are similar. We have aggregated our divisions into one reporting segment, consistent with SFAS 131. Accordingly, separate industry segment information is not presented.

(c) NARRATIVE DESCRIPTION OF BUSINESS.

We presently engineer, manufacture, treat, distribute and install lumber, composite, plastic and other building products to the DIY/retail, site-built construction, manufactured housing and industrial markets. Each of these markets is discussed in the paragraphs which follow.

DIY/RETAIL MARKET. The customers comprising this market are primarily national home center retailers, retail-oriented regional lumberyards and contractor-oriented lumberyards. Customers in this market are serviced by our regional sales staff and are assisted by personnel from our headquarters. Generally, terms of sale are established for annual periods, and orders are placed with our regional facilities in accordance with established terms. One customer, The Home Depot, accounted for approximately 30%, 33% and 32% of our total net sales for fiscal 2002, 2001 and 2000, respectively.

From time to time we enter into certain sales contracts with The Home Depot. The contracts are limited to the establishment of general sales terms and conditions, such as delivery, invoicing, warranties and other standard, commercial matters. Sales are made by the release of purchase orders to us for particular quantities of certain products. We also enter into marketing agreements and rebate agreements with The Home Depot. The marketing agreements provide a certain percentage of our sales revenue or a minimum dollar amount will be committed to generate sales for us and The Home Depot.

We currently supply customers in this market from over 50 of our locations. These regional facilities are able to supply mixed truckloads of products which can be delivered to customers with rapid turnaround from receipt of an order. Freight costs are a factor in the ability to competitively service this market, especially with treated wood products because of their heavier weight. The close proximity of our regional facilities to the various outlets of these customers is a significant advantage when negotiating annual sales programs.

The products offered to customers in this market include dimensional lumber (both preserved and unpreserved) and various "value-added products," some of which are sold under our trademarks. Value-added products may be preserved or unpreserved, and include the following:

- The Deck Necessities(R) group of products consists of decking, balusters, spindles, decorative posts, handrails, stair risers, stringers and treads.
- The Fence Fundamentals(TM) group of products includes various styles of fences, as well as gates, posts and other components.
- The Outdoor Essentials(R) group of products consists of various home and garden and landscaping items.
- Lattice is sold under the Lattice Basics(TM) trademark for use as skirting on decks, trellises and various outdoor home improvement projects.
- The Storage Solutions(TM) product line consists primarily of storage building frames and trusses.

In addition to our conventional lumber products, we offer composite and plastic alternative products sold under the following trade names:

- The Perennia(TM) group of fencing products provides customers with a low maintenance alternative for their fencing needs.

- The TechTrim(TM) product line consists of exterior trim boards made from a polymer which is impervious to moisture.
- The Everx(R) composite decking group of products includes decking, balusters, railings, caps and sleeves manufactured from a proprietary formula of wood dust and high-density polyethylene plastic. We are a licensee of this technology.

We also sell engineered wood products to this market, which include roof trusses, wall panels and engineered floor systems (see "Site-Built Construction Market" below).

We are not aware of any competitor that currently manufactures, treats and distributes a full line of both value-added and commodity products on a national basis. We face competition on individual products from several different producers, but the majority of these competitors tend to be regional in their efforts and/or do not offer a full line of outdoor lumber products. We believe the breadth of our product offering, geographic dispersion, close proximity of our plants to core customers, purchasing expertise and service capabilities provide significant competitive advantages in this market. As the customer base in this market continue to consolidate, we believe we are well-positioned to capture additional market share.

SITE-BUILT CONSTRUCTION MARKET. We entered the site-built construction market through strategic business acquisitions beginning in 1997. The customers comprising this market are primarily large-volume, multi-tract builders and smaller volume custom builders. Customers are serviced by our sales, engineering and design personnel in each region. Generally, terms of sale and pricing are determined based on quotes for each order.

We currently supply customers in this market from more than 50 facilities located in 19 different states and Canada. These facilities manufacture various engineered wood products used to frame residential or commercial projects, including roof and floor trusses, wall panels, Open Joist 2000(R) and I-joists. Freight costs are a factor in the ability to competitively service this market due to the space requirements of these products on each truckload.

We also install engineered wood products for customers in certain regional markets. We believe that providing a comprehensive framing package, including installation, provides a competitive advantage.

Competitors in this market include lumberyards who also manufacture components, as well as regional manufacturers of components. Our objective is to continue to increase our manufacturing capacity for this market while developing a national presence. We believe our primary competitive advantages relate to the engineering and design capabilities of our regional staff, customer relationships, product quality and timeliness of delivery.

MANUFACTURED HOUSING MARKET. The customers comprising the manufactured housing market are producers of mobile, modular and prefabricated homes and recreational vehicles. Products sold to customers in this market consist primarily of roof trusses, lumber cut and shaped to the customer's

specification, plywood, particle board and dimensional lumber, all intended for use in the construction of manufactured housing. Sales are made by personnel located at each regional facility based on customer orders. Our engineering and support staff act as a sales resource to assist customers with truss designs, obtaining various building code approvals for the designs and aiding in the development of new products and manufacturing processes.

While no competitor operates in as widely-dispersed geographic areas as we do, we face competition from suppliers in many geographic regions. Our principal competitive advantages include our product knowledge, the capacity to supply all of the customer's lumber requirements, the ability to deliver engineering support services, the close proximity of our regional facilities to our customers and our ability to provide national sales programs to certain customers.

INDUSTRIAL MARKET. We define our industrial market as industrial manufacturers and agricultural customers who use pallets, specialty crates and wooden boxes for packaging, shipping and material handling purposes. Many of the products sold to this market may be produced from the by-product of other manufactured products, thereby allowing us to increase our raw material yields while expanding our business. Competition is fragmented and includes virtually every supplier of lumber convenient to the customer. We service this market with our regional sales personnel supported by a centralized national sales and marketing department.

SUPPLIERS. We are one of the largest domestic buyers of solid sawn lumber from primary producers (lumber mills). We use primarily southern yellow pine in our pressure-treating operations and site-built component plants in the Southeastern United States, which we obtain from mills located throughout the states comprising the Sunbelt. Other species we use include "spruce-pine-fir" from various provinces in Canada; hemlock, Douglas fir and cedar from the Pacific Northwest; inland species of Ponderosa pine; and Radiata pine. There are numerous primary producers for all varieties we use, and we are not dependent on any particular source of supply. Our financial resources, in combination with our strong sales network and ability to remanufacture lumber, enable us to purchase a large percentage of a primary producer's output (as opposed to only those dimensions or grades in immediate need), thereby lowering our average cost of raw materials. We believe this represents a competitive advantage.

INTELLECTUAL PROPERTY. We own a patent relating to a tie-down strap patent related to truss components, and a patent on machinery used in the recycling of drywall. We also have several patents pending on technologies related to our business. In addition, we own five registered trade names or trademarks: PRO-WOOD(R) relating to preservative-treated wood products; Deck Necessities(R) relating to deck component products; Outdoor Essentials(R) related to lawn and garden items such as planter boxes, fencing products and lattice products; the Everx(R) mark for our recently acquired composite material; and the pine tree logo. As we develop proprietary brands, we may pursue registration or other formal protection. In addition, we claim common law trademark rights to several other trade names or trademarks. While we believe our patent and trademark rights are valuable, the loss of a patent or any trademark would not be likely to have a material adverse impact on our competitive position.

SEASONAL INFLUENCES. Our manufactured housing and site-built construction markets are affected by seasonal influences in the northern states during the winter months when installation and construction is more difficult.

The activities in the DIY/retail market have substantial seasonal impacts. The demand for many of our DIY/retail products is highest during the period of April to August. Accordingly, our sales to the DIY/retail market tend to be greater during the second and third quarters. We build our inventory of finished goods throughout the winter and spring to support this sales peak. Restraints on production capacity make this a necessary practice which potentially exposes us to adverse effects of changes in economic and industry trends. Since 1995, inventory management initiatives, supply programs with vendors and programs with customers have been used to reduce our exposure to adverse changes in the commodity lumber market and decrease demands on cash resources.

BACKLOG. Due to the nature of our DIY/retail, manufactured housing and industrial businesses, backlog information is not meaningful. The maximum time between receipt of a firm order and shipment does not usually exceed a few days. Therefore, we would not normally have a backlog of unfilled orders in a material amount. The relationships with our major customers are such that we are either the exclusive supplier of certain products and/or certain geographic areas, or the designated source for a specified portion of the customer's requirements. In such cases, either we are able to forecast the customer's requirements or the customer may provide an estimate of its future needs. In neither case, however, will we receive firm orders until just prior to the anticipated delivery dates for the products in question.

On March 1, 2003 and 2002, backlog orders associated with the site-built construction business approximated $34.4 million and $27.7 million, respectively, representing approximately eight and six weeks of production, respectively. We believe the relatively short time period associated with our backlog, in certain regions, provides a competitive advantage.

RESEARCH AND DEVELOPMENT. Our research and development efforts generally fall into four categories: engineering and testing of new truss designs; design and development of wood treatment systems and manufacturing processes; design and development of machinery and tooling of various wood shaping devices; and development of new products. Although important to our competitive strengths and growth, the dollar amount of research and development expenditures has not typically been material to us.

WOOD PRESERVATION TREATMENT. Information required for environmental disclosures is incorporated by reference from Footnote N of the Consolidated Financial Statements presented under Item 8 herein.

EMPLOYEES. At March 1, 2003, we had approximately 7,000 employees. One of our subsidiaries, which operates a location acquired in June 2000, has certain production employees who are represented by a labor union. We believe relations with our employees are good.

(d) FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS.

The dominant portion of our operations and sales occur in the United States. Separate financial information about foreign and domestic operations and export sales is incorporated by reference from Footnote O of the Consolidated Financial Statements presented under Item 8 herein.

ITEM 2. PROPERTIES.

Our headquarters building is located on a ten acre site adjacent to a main thoroughfare in suburban Grand Rapids, Michigan. The headquarters building consists of several one and two story structures of wood construction.

We currently have more than 90 facilities located throughout the United States, Canada and Mexico. These facilities are generally of steel frame and aluminum construction and situated on fenced sites ranging in size from 7 acres to 48 acres. Depending upon function and location, these facilities typically utilize office space, manufacturing space, treating space and covered storage.

We own all of our properties, free from any significant mortgage or other encumbrance, except for 12 regional facilities which are leased. We believe all of these operating facilities are adequate in capacity and condition to service existing customer locations.

ITEM 3. LEGAL PROCEEDINGS.

During the second quarter of 2001, we received a request for indemnification from a major customer in two separate lawsuits which seek class action status. One case, titled Jerry Jacobs et. al. v. Osmose, Inc. et. al., is pending in the U.S. District Court for the Southern District of Florida. The court recently denied class certification in this case. A second case, Albert Miller et. al. vs. Home Depot, USA Inc., et. al. has been dismissed. During the fourth quarter of 2001, we were named as a defendant, along with chemical manufacturers and retailers, in a case titled Ardoin v. Stine Lumber, et. al. which was filed in Louisiana State Court. We have been dismissed as a defendant in this case, although a major customer remains a defendant.

We believe the remaining claims are without merit. To the extent we are required to defend these actions, we intend to do so vigorously.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ADDITIONAL ITEM: EXECUTIVE OFFICERS OF THE REGISTRANT.

The following table lists the names, ages and positions of all of our executive officers as of March 1, 2003. Executive officers are elected annually by the Board of Directors at the first meeting of the Board following the annual meeting of shareholders.

Name	Age	Position
William G. Currie	55	Vice Chair. of the Board and Chief Exec. Officer, Universal Forest Products, Inc.
Michael B. Glenn	51	President and Chief Operating Officer, Universal Forest Products, Inc.
C. Scott Greene	47	President, Universal Forest Products Eastern Division, Inc.
Robert K. Hill	55	President, Universal Forest Products Western Division, Inc.
Jeff A. Higgs	48	Exec. Vice President Site-Built, Universal Forest Products Western Div., Inc.
Donald L. James	43	Exec. Vice President Site-Built, Universal Forest Products Eastern Division, Inc.
Robert D. Coleman	48	Exec. Vice President Manufacturing, Universal Forest Products, Inc.
Matthew J. Missad	42	Executive Vice President and Secretary, Universal Forest Products, Inc.
Michael R. Cole	36	Chief Financial Officer and Treasurer, Universal Forest Products, Inc.

William G. Currie joined us in 1971. From 1983 to 1990, Mr. Currie was President of Universal Forest Products, Inc., and he was the President and Chief Executive Officer of The Universal Companies, Inc. from 1989 until the merger to form Universal Forest Products, Inc. in 1993. On January 1, 2000, Mr. Currie also became Vice Chairman of the Board.

Michael B. Glenn has been employed by us since 1974. In June of 1989, Mr. Glenn was elected Senior Vice President of our Southwest Operations, and on December 1, 1997, became President of Universal Forest Products Western Division, Inc. Effective January 1, 2000, Mr. Glenn was promoted to President and Chief Operating Officer.

C. Scott Greene joined us in February of 1991. In November of 1996 he became General Manager of Operations for our Florida Region, and in January of 1999 became Vice President of Marketing for Universal Forest Products, Inc. During early 2000, Mr. Greene became President of Universal Forest Products Eastern Division, Inc.

Robert K. Hill has been with us since 1986. In March of 1993, Mr. Hill was elected Senior Vice President of our Far West Operations. On December 1, 1997, Mr. Hill became the Executive Vice President of Operations of Universal Forest Products Western Division, Inc., and on January 1, 2000, became President of that Division.

Jeff A. Higgs, has been an employee since April 20, 1998, at which time we acquired the assets of Advanced Component Systems, Inc. Mr. Higgs served as a Vice President of Operations for Universal Forest Products Western Division, Inc. since 1998, and in 2000 became Executive Vice President of Site-Built for Universal Forest Products Western Division, Inc.

Donald L. James joined us in March of 1998, and in June of that year became Director of National Sales, Site-Built Construction. Mr. James became the General Manager of Site-Built Operations for Universal Forest Products Shoffner LLC on January 1, 2001, became Vice President Site-Built, Universal Forest Products Eastern Division, Inc. on January 1, 2002, and became Executive Vice President Site-Built Universal Forest Products Eastern Division, Inc. on January 1, 2003.

Robert D. Coleman, has been an employee since 1979. Mr. Coleman was promoted to Senior Vice President of our Midwest Operations in September 1993. On December 1, 1997, Mr. Coleman became the Executive Vice President of Manufacturing of the Universal Forest Products Eastern Division, Inc. On January 1, 1999, Mr. Coleman was named the Executive Vice President of Manufacturing.

Matthew J. Missad has been employed since 1985. Mr. Missad has served as General Counsel and Secretary since December 1, 1987, and Vice President Corporate Compliance since August 1989. In February 1996, Mr. Missad was promoted to Executive Vice President.

Michael R. Cole, CPA, CMA, joined us in November of 1993. In January of 1997, Mr. Cole was promoted to Director of Finance, and on January 1, 2000 was made Vice President of Finance. On July 19, 2000, Mr. Cole became Chief Financial Officer.

PART II

The following information items in this Part II, which are contained in the 2002 Annual Report, are specifically incorporated by reference into this Form 10-K Report. These portions of the 2002 Annual Report, that are specifically incorporated by reference, are filed as Exhibit 13 with this Form 10-K Report.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS.

The information required by this Item is incorporated by reference from the 2002 Annual Report under the caption "Price Range of Common Stock and Dividends."

ITEM 6. SELECTED FINANCIAL DATA.

The information required by this Item is incorporated by reference from the 2002 Annual Report under the caption "Selected Financial Data."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by this Item is incorporated by reference from the 2002 Annual Report under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to market risks related to fluctuations in interest rates on our variable rate debt, which consists of a revolving credit facility and industrial development revenue bonds. We do not currently use interest rate swaps, futures contracts or options on futures, or other types of derivative financial instruments to mitigate this risk.

For fixed rate debt, changes in interest rates generally affect the fair market value, but not earnings or cash flows. Conversely, for variable rate debt, changes in interest rates generally do not influence fair market value, but do affect future earnings and cash flows. We do not have an obligation to prepay fixed rate debt prior to maturity, and as a result, interest rate risk and changes in fair market value should not have a significant impact on such debt until we would be required to refinance it.

On December 28, 2002, the estimated fair value of our long-term debt, including the current portion, was $248.5 million, which was $6.7 million greater than the carrying value. The estimated fair value is based on rates anticipated to be available to us for debt with similar terms and maturities. The estimated fair value of notes payable included in current liabilities and the revolving credit facility approximated the carrying values.

Expected cash flows over the next five years related to debt instruments are as follows:

($US equivalents, in thousands)	2003	2004	2005	2006	2007	Thereafter	Total
Long-term Debt:							
Fixed Rate ($US).....	$5,714	$5,714	$21,500			$133,501	$166,429
Average interest rate.....	7.15%	7.15%	6.69%			6.98%	
Variable Rate ($US).....	$2,539	$511	$53,862	$477	$430	$19,324	$77,143
Average interest rate(1).....	2.39%						

(1)Average of rates at December 28, 2002.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this Item is incorporated by reference from the 2002 Annual Report under the following captions:

"Report of Independent Auditors"
"Report of Independent Public Accountants"
"Independent Auditors' Report"
"Consolidated Balance Sheets"
"Consolidated Statements of Earnings"
"Consolidated Statements of Shareholders' Equity"
"Consolidated Statements of Cash Flows"
"Notes to Consolidated Financial Statements"

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Universal Forest Products, Inc. determined, for itself and on behalf of our subsidiaries, to dismiss our independent auditors, Arthur Andersen LLP ("Arthur Andersen"), and to engage the services of Ernst & Young LLP ("Ernst & Young") as our new independent auditors. The change in auditors was approved by our Audit Committee and Board of Directors and was effective as of May 20, 2002. As a result, Ernst & Young audited our consolidated financial statements and our subsidiaries for the fiscal year ended December 28, 2002.

Arthur Andersen's reports on our consolidated financial statements for the fiscal year ended December 29, 2001 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. During the fiscal year ended December 29, 2001 and through May 20, 2002 (the Relevant Period), (1) there were no disagreements with Arthur Andersen on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure which, if not resolved to Arthur Andersen's satisfaction, would have caused Arthur Andersen to make reference to the subject matter of the disagreement(s) in connection with its reports on our consolidated financial statements for such year; and (2) there were no reportable events as described in Item 304(a)(1)(v) (Reportable Events) of the Commission's Regulation S-K.

During the Relevant Period, neither we nor anyone acting on our behalf consulted with Ernst & Young regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, or (ii) any matters or reportable events as set forth in Items 304(a)(1)(iv) and (v), respectively, of Regulation S-K.

We have not been able to obtain, after reasonable efforts, the re-issued reports or consent of Arthur Andersen related to the 2001 consolidated financial statements and financial statement schedule. Therefore, we have included a copy of their previously issued report.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information relating to executive officers is included in this report in the last Section of Part I under the caption "Additional Item: Executive Officers of the Registrant." Information relating to directors and compliance with Section 16(a) of the Securities and Exchange Act of 1934 is incorporated by reference from our definitive Proxy Statement dated March 17, 2003, for the 2003 Annual Meeting of Shareholders, as filed with the Commission ("2003 Proxy Statement"), under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance."

ITEM 11. EXECUTIVE COMPENSATION.

Information relating to executive compensation is incorporated by reference from the 2003 Proxy Statement under the caption "Executive Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information relating to security ownership of certain beneficial owners and management is incorporated by reference from the 2003 Proxy Statement under the captions "Ownership of Common Stock" and "Securities Ownership of Management."

Information relating to securities authorized for issuance under equity compensation plans as of December 28, 2002, is as follows:

	Number of shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans [excluding shares reflected in column (a)](1)
	(a)	(b)	(c)
Equity compensation plans approved by security holders.....	2,105,874	$16.86	844,126
Equity compensation plans not approved by security holders.....	none		

(1) Annual increases will be added on the date of the annual meeting of shareholders, equal to the lesser of (i) 200,000 shares; (ii) 1% of the sum of (1) the outstanding shares, plus (2) the number of shares subject to outstanding options issued under our option plans; or (iii) an amount determined by the Board of Directors.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information relating to certain relationships and related transactions is incorporated by reference from the 2003 Proxy Statement under the captions "Election of Directors" and "Related Party Transactions."

ITEM 14. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures. With the participation of management, our chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a - 14c and 15d - 14c) on December 28, 2002 (the "Evaluation Date"), have concluded that, as of such date, our disclosure controls and procedures were adequate and effective to ensure that material information relating to us and our consolidated subsidiaries would be made known to them in connection with our filing of this Form 10-K.

(b) Changes in Internal Controls. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the Evaluation Date through the date of this filing of Form 10-K, nor were there any significant deficiencies or material weaknesses in our internal controls that would require corrective actions.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements. The following Report of Independent Auditors, Report of Independent Public Accountants, Independent Auditors' Report and Consolidated Financial Statements are incorporated by reference, under Item 8 of this report, from the 2002 Annual Report:

Report of Independent Auditors - Ernst & Young LLP
Report of Independent Public Accountants - Arthur Andersen LLP
Independent Auditors' Report - Deloite & Touche LLP
Consolidated Balance Sheets as of December 28, 2002 and December 29, 2001
Consolidated Statements of Earnings for the Years Ended December 28, 2002, December 29, 2001 and December 30, 2000
Consolidated Statements of Shareholders' Equity for the Years Ended December 28, 2002, December 29, 2001 and December 30, 2000
Consolidated Statements of Cash Flows for the Years Ended December 28, 2002, December 29, 2001 and December 30, 2000
Notes to Consolidated Financial Statements

2. Financial Statement Schedules. All schedules required by this Form 10-K Report have been omitted because they were inapplicable, included in the Consolidated Financial Statements or Notes to Consolidated Financial Statements, or otherwise not required under instructions contained in Regulation S-X.

3. Exhibits. Reference is made to the Exhibit Index which is included in this Form 10-K Report.

(b) None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 14, 2003 UNIVERSAL FOREST PRODUCTS, INC.

By: /s/ William G. Currie

WILLIAM G. CURRIE, VICE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

and

/s/ Michael R. Cole

MICHAEL R. COLE, CHIEF FINANCIAL OFFICER AND TREASURER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 14th day of March, 2003, by the following persons on behalf of us and in the capacities indicated.

Each Director whose signature appears below hereby appoints Matthew J. Missad and Michael R. Cole, and each of them individually, as his attorney-in-fact to sign in his name and on his behalf as a Director, and to file with the Commission any and all amendments to this report on Form 10-K to the same extent and with the same effect as if done personally.

/s/ Peter F. Secchia	/s/ William G. Currie
PETER F. SECCHIA, DIRECTOR	WILLIAM G. CURRIE, DIRECTOR
/s/ Dan M. Dutton	/s/ John M. Engler
DAN M. DUTTON, DIRECTOR	JOHN M. ENGLER, DIRECTOR
/s/ John W. Garside	/s/ Philip M. Novell
JOHN W. GARSIDE, DIRECTOR	PHILIP M. NOVELL, DIRECTOR
/s/ Louis A. Smith	
LOUIS A. SMITH, DIRECTOR	

UNIVERSAL FOREST PRODUCTS, INC.

CERTIFICATION

I, William G. Currie, certify that:

1. I have reviewed this annual report on Form 10-K of Universal Forest Products, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have;

   (a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   (c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the Audit Committee of registrant's Board of Directors (or persons performing the equivalent function):

   (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 14, 2003

/s/ William G. Currie
William G. Currie
Chief Executive Officer

UNIVERSAL FOREST PRODUCTS, INC.

CERTIFICATION

I, Michael R. Cole, certify that:

1. I have reviewed this annual report on Form 10-K of Universal Forest Products, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have;

   (a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   (c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the Audit Committee of registrant's Board of Directors (or persons performing the equivalent function):

   (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 14, 2003

/s/ Michael R. Cole

Michael R. Cole
Chief Financial Officer

EXHIBIT INDEX

3 Articles of Incorporation and Bylaws.

(a) Registrant's Articles of Incorporation were filed as Exhibit 3(a) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.

(b) Registrant's Bylaws were filed as Exhibit 3(b) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.

4 Instruments Defining the Rights of Security Holders.

(a) Specimen form of Stock Certificate for Common Stock was filed as Exhibit 4(a) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.

(b)(3) Series A, Senior Unsecured Note Agreement dated May 5, 1994, was filed as Exhibit 4(b)(3) to a Form 10-Q Quarterly Report for the quarter period ended March 26, 1994, and the same is incorporated herein by reference.

(b)(4) First Amendment to Note Agreement dated November 13, 1998, relating to Series A, Senior Unsecured Note Agreement dated May 5, 1994, was filed as Exhibit 4(b)(4) to a Form 10-K Annual Report for the fiscal year ended December 26, 1998.

10 Material Contracts.

(a)(2) Redemption Agreement with Peter F. Secchia, dated January 2, 2002, was filed as Exhibit 10(a)(2) to a Form 10-K, Annual Report for the year ended December 29, 2001 and the same is incorporated herein by reference.

*(a)(3) Consulting Agreement with Peter F. Secchia, dated December 31, 2002, and Assignment dated January 1, 2003.

*(a)(4) Nondisclosure and Non-Compete Agreement with Peter F. Secchia, dated December 31, 2002.

*(a)(5) Conditional Share Grant Agreement with William G. Currie dated April 17, 2002.

(b) Form of Indemnity Agreement entered into between the Registrant and each of its directors was filed as Exhibit 10(b) to a Registration Statement on Form S-1 (No. 33- 69474) and the same is incorporated herein by reference.

(c)(2) Lease guarantee, dated March 10, 1978, given by Registrant on behalf of Universal Restaurants, Inc. to Jackson Properties was filed as Exhibit 10(c)(2) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.

*(e)(1) Form of Executive Stock Option Agreement was filed as Exhibit 10(e)(1) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.

*(e)(2) Form of Officers' Stock Option Agreement was filed as Exhibit 10(e)(2) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.

*(f) Salaried Employee Bonus Plan was filed as Exhibit 10(f) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.

(i)(1) Revolving Credit Agreement dated November 13, 1998 was filed as Exhibit 10(i)(1) to a Form 10-K Annual Report for the year ended December 26, 1998, and the same is incorporated herein by reference.

(i)(2) Series 2002-A, Revolving Credit Agreement dated November 25, 2002.

(j)(1) Series 1998-A, Senior Note Agreement dated December 21, 1998 was filed as Exhibit 10(j)(1) to a Form 10-K Annual Report for the year ended December 26, 1998, and the same is incorporated herein by reference.

(j)(2) Series 2002-A, Senior Note Agreement dated December 18, 2002.

13 Selected portions of the Company's Annual Report to Shareholders for the fiscal year ended December 28, 2002.

16 Letter from Arthur Andersen LLP regarding change in certifying accountant is incorporated by reference from Exhibit 16 of Registrant's current report on Form 8-K dated May 21, 2002.

21 Subsidiaries of the Registrant.

23 Consents of Experts and Counsel.

(a) Consent of Ernst & Young LLP.

(b) Information Concerning Consent of Arthur Andersen LLP.

(c) Consent of Deloitte & Touche LLP.

99 Additional Exhibits.

(a) Certificate of the Chief Executive Officer of Universal Forest Products, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

(b) Certificate of the Chief Financial Officer of Universal Forest Products, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

- ----------

EXHIBIT 10 (a)(3)

CONSULTING AGREEMENT

DATE: December 31, 2002

PARTIES:

Peter F. Secchia 2833 Bonnell SE Grand Rapids, MI 49546	Universal Forest Products, Inc. (and its affiliates and subsidiaries) 2801 East Beltline NE Grand Rapids, MI 49525
(herein the "Advisor")	(herein "UFP")

PURPOSE OF THE AGREEMENT.

Advisor has served the Company for many years as its Senior Executive Officer and presently serves as Chairman of the Board of Directors. Advisor's leadership has been an important force in the success, growth and prosperity of UFP.

Advisor intends to retire as an officer of UFP as of December 31, 2002. UFP wishes to continue to utilize the experience, ability and skills of Advisor as an advisor and consultant following his retirement. Advisor has agreed to (1) provide those services upon the terms and conditions set forth in this Agreement, and (2) restrict his services from being provided to any competitors of UFP.

The Parties agree as follows:

SECTION 1. RETENTION OF ADVISOR.

1.1 EFFECTIVE DATE. Effective January 1, 2003 (herein the "Effective Date") and during the term Consulting Term, UFP shall retain Advisor as an independent contractor and consultant. Advisor accepts such consulting relationship upon the terms and conditions set forth in this Agreement.

1.2 SERVICES. Advisor agrees to provide business leadership, management, and investor relations consulting services, as requested by senior management or the Board of Directors of UFP, for the exclusive benefit of UFP. Advisor shall perform such consulting services faithfully for UFP during the term of this Agreement. Advisor agrees to serve as Chairman of the Board of UFP, without additional compensation, until at least December 31, 2003, and as requested by the Board of Directors thereafter.

1.3 PROVISION OF SERVICES. Advisor agrees to submit recommendations to the Chief Executive Officer and Board of Directors of UFP regarding business leadership, management, and investor relations, and such other aspects of the business of UFP as he,

in his professional judgment and discretion, deems appropriate. Advisor shall also provide specific consultation and recommendations on particular issues or areas, as submitted to him by senior management or the Board of Directors of UFP. Advisor shall, in providing these services, exercise autonomy in determining the means and methods of accomplishing the result. If at any time during the Consulting Term, Advisor engages in other full time employment, Advisor shall not be deemed to be in breach of this Agreement, but unless such employment consists of the Advisor providing services to one or more (a) charitable or non-profit organizations, or (b) Advisor's family-owned for profit entities, including corporations, trusts, partnerships, or LLC's, the Consulting Term shall terminate and UFP shall have no further obligations under this Agreement other than with respect to its obligations under the Nondisclosure and Non-Compete Agreement ("Non-Compete Agreement"). Notwithstanding the foregoing, subject to the Non-Compete Agreement, during the Consulting Term, Advisor may provide part-time services to third parties, including serving as a member of the board of directors of any such party. For purposes of this Agreement, full-time employment shall mean Advisor working in a position or positions, other than with UFP, which require Advisor to devote substantially all of a standard forty (40) hour work week.

1.4 PERSONAL SERVICES. Advisor agrees that this Consulting Agreement is for the personal services of the Advisor, based on his significant experience with the industry and his forty (40) years of service to UFP. Advisor may, at his discretion and expense, hire others to assist him in fulfilling his obligations under this Agreement, but he may not substitute or assign his responsibilities on this Agreement to others without the written approval of UFP.

SECTION 2. CONSULTING FEE AND EXPENSE REIMBURSEMENT.

2.1 CONSULTING FEE. In full satisfaction for any and all consulting services rendered by Advisor for UFP during the Consulting Term under this Agreement, UFP shall pay Advisor a monthly consulting fee of Sixteen Thousand Six Hundred Sixty Seven Dollars ($16,667.00).

2.2 INCENTIVE PAYMENT. If the Board of Directors, in its discretion, believes the services provided by Advisor have substantially improved the performance of UFP during the term of this Agreement, Advisor will be eligible for an incentive payment of up to One Hundred Thousand Dollars ($100,000.00) per year. The Board of Directors shall make an annual determination of the amount, if any, of the incentive payment.

2.3 OTHER COMPENSATION AND FRINGE BENEFIT. Except as set forth in Section 3 of this Agreement, Advisor shall not receive any other payments from UFP, nor shall Advisor or any individual with whom he contracts to assist in the providing of services under this Agreement be eligible to participate in or receive benefits under any UFP fringe benefit programs, including, without limitation, disability, life insurance, and profit sharing benefits.

SECTION 3. NATURE OF RELATIONSHIP; EXPENSES.

3.1 INDEPENDENT CONTRACTOR. Advisor shall be an independent contractor and shall not be an employee, servant, agent, partner, or joint venturer of UFP, or any of its officers, directors, or employees. Except for participation in an executive retirement health plan, if any, provided to other retired executives of UFP, Advisor shall not have the right to or be entitled to any of the employee benefits of UFP except as expressly agreed in writing.

3.2 INSURANCE AND TAXES. Advisor agrees to arrange for Advisor's own liability, disability, and workers' compensation insurance to cover himself and any of Advisor's employees. Advisor agrees to be responsible for Advisor's own tax obligations accruing as a result of payments for services rendered under this Agreement, as well as for the tax withholding obligations with respect to Advisor's employees, if any. It is expressly understood and agreed by Advisor that should UFP for any reason incur tax liability or charges whatsoever as a result of not making any withholdings from payments for services under this Agreement, Advisor will reimburse and indemnify UFP for the same.

3.3 BUSINESS EXPENSES. Advisor shall be responsible to pay all expenses incurred to carry out Advisor's duties under this Agreement. These expenses include, without limitation, all office costs, including rent, telephone, utilities, and maintenance; office equipment; travel and entertainment; business leadership meetings; community activities; and event attendance. Advisor or Advisor's consulting entity shall invoice UFP each month for the total of these expenses, and UFP agrees to reimburse Advisor for such expenses in an amount not to exceed Sixteen Thousand Six Hundred Sixty Seven Dollars ($16,667.00) per month. UFP will report this reimbursement on Form 1099 to Advisor or Advisor's consulting entity.

3.4 EQUIPMENT, TOOLS, EMPLOYEES, AND OVERHEAD. Other than the expense reimbursement provided herein, UFP shall have no obligation to provide equipment or tools needed to provide services under this Agreement, including the salaries of and benefits provided to any employees of Advisor. Advisor shall be responsible for all of Advisor's overhead costs and expenses.

3.5 USE OF COMPANY AIRCRAFT. Advisor shall be eligible to use up to twenty five (25) flight hours per year on Company aircraft. Such use shall be subject to priority given to Company employees and compliance with all other use requirements. Any usage by Advisor shall be treated as income to Advisor at the applicable IRS rates.

SECTION 4. TERM.

4.1 INITIAL TERM; RENEWAL. Unless otherwise terminated pursuant to the provisions of Section 4.2, the consulting relationship under this Agreement shall commence on the Effective Date and continue in effect until December 31, 2007 (the "Consulting Term"). The Company's Board of Directors, at its sole discretion, may offer an extension of this Agreement for up to two (2) additional one (1) year periods.

4.2 EARLY TERMINATION. The consulting relationship under this Agreement shall be terminated upon the death or Disability of Advisor, or by written notice from UFP that, in UFP's reasonable determination: (a) Advisor has refused, failed, or is unable to render consulting services under this Agreement; or (b) Advisor has breached any of Advisor's other obligations under this Agreement or the Non-Compete Agreement. If the consulting relationship is terminated for any of the reasons set forth in the preceding sentence, the right of Advisor to the compensation set forth in Section 2 of this Agreement shall cease on the date of such termination, and UFP shall have no further obligation to Advisor under any of the provisions of this Agreement. Disability shall mean a physical or mental injury or illness that totally and permanently renders Advisor unable to perform all of the functions called for under this Agreement.

4.3 EFFECT OF TERMINATION. Termination of the consulting relationship shall not affect the provisions of the Non-Compete Agreement, which provisions shall survive a termination of this Agreement in accordance with their terms.

SECTION 5. DESIGNS, INVENTIONS, PATENTS AND COPYRIGHTS.

5.1 INTELLECTUAL PROPERTY. Advisor and UFP shall agree, at the outset of any project, as to the scope of the project and Advisor's role therein (the "Project Scope"). Advisor shall promptly disclose, grant, and assign to UFP for its sole use and benefit any and all designs, inventions, improvements, technical information, know-how and technology, and suggestions within the Project Scope relating in any way to the products of UFP or capable of beneficial use by customers to whom products or services of UFP are sold or provided, that Advisor may conceive, develop, or acquire while consulting with UFP (whether or not during usual working hours), together with all copyrights, trademarks, design patents, patents, and applications for copyrights, trademarks, divisions of pending patent applications, applications for reissue of patents and specific assignments of such applications that may at any time be granted for or upon any such designs, inventions, improvements, technical information, know-how, or technology (Intellectual Property).

5.2 ASSIGNMENTS AND ASSISTANCE. In connection with the rights of UFP to the Intellectual Property, Advisor shall promptly execute and deliver such applications, assignments, descriptions, and other instruments as may be necessary or proper in the opinion of UFP to vest in UFP title to the Intellectual Property and to enable UFP to obtain and maintain the entire right and title to the Intellectual Property throughout the world. Advisor shall also render to UFP, at UFP's expense, such assistance as UFP may require in the prosecution of applications for said patents or reissues thereof, in the prosecution or defense of interferences which may be declared involving any of said applications or patents, and in any litigation in which UFP may be involved relating to the Intellectual Property.

5.3 COPYRIGHTS. Advisor agrees to, and hereby grants to UFP, title to all copyrightable material first designed, produced, or composed in the course of or pursuant to the performance of work under this Agreement, which material shall be deemed "works made for hire" under Title 17, United States Code, Section 1.01 of the Copyright Act of 1976. Advisor hereby grants to UFP a royalty-free, nonexclusive, and irrevocable license to reproduce, translate, publish, use, and dispose of, and to authorize others so to do, any and all copyrighted or copyrightable material created by Advisor as a result of work performed under this Agreement but not first produced or composed by Advisor in the performance of this Agreement, provided that the license granted by this paragraph shall be only to the extent Advisor now has, or prior to the completion of work under this Agreement or under any later agreements with UFP relating to similar work may acquire, the right to grant such licenses without UFP becoming liable to pay compensation to others solely because of such grant.

SECTION 6. REMEDIES.

Advisor acknowledges and agrees that UFP's remedy at law for a breach or threatened breach of any of the provisions of Section 5 of this Agreement would be inadequate and, in recognition of this fact, in the event of a breach or threatened breach by Advisor of any of the provisions of Section 5, Advisor agrees that, in addition to its remedies at law, at UFP's option, all rights of Advisor, and obligations of UFP, under this Agreement may be terminated. UFP shall be entitled to equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable remedy that may then be available. UFP shall not be required to post bond, and Advisor agrees not to oppose UFP's request for equitable relief. Advisor acknowledges that the granting of a temporary injunction, temporary restraining order or permanent injunction merely prohibiting the use of Proprietary Information would not be an adequate remedy upon breach or threatened breach of Section 5, and consequently agrees upon any such breach or threatened breach to the granting of injunctive relief prohibiting the design, development, manufacture, marketing or sale of products and providing of services of the kind designed, developed, manufactured, marketed, sold or

provided by UFP or its subsidiaries during the term of Advisor's relationship with UFP. Nothing contained in this Section 6 shall be construed as prohibiting UFP from pursuing, in addition, any other remedies available to it for such breach or threatened breach.

SECTION 7. MISCELLANEOUS PROVISIONS.

7.1 ASSIGNMENT. This Agreement shall not be assignable by either party, except by UFP to any subsidiary or affiliate of UFP (now or hereafter existing) or to any successor in interest to UFP's business, provided that in the case of assignment to an affiliate or subsidiary, UFP shall remain liable as a guarantor for any payments due to Advisor hereunder.

7.2 BINDING EFFECT. The provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties.

7.3 NOTICE. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, postage prepaid, addressed to the parties at the address stated on the first page of this Agreement. The address of a party to which notices or other communications shall be mailed may be changed from time to time by giving written notice to the other party.

7.4 LITIGATION EXPENSE. In the event of a default under this Agreement, the defaulting party shall reimburse the non-defaulting party for all costs and expenses reasonably incurred by the non-defaulting party in connection with the default, including without limitation reasonable attorney's fees. The non-defaulting party may seek reimbursement in a court of competent jurisdiction. Additionally, in the event a suit or action is filed to enforce this Agreement or with respect to this Agreement, the prevailing party or parties shall be reimbursed by the other party for all costs and expenses incurred in connection with the suit or action, including without limitation reasonable attorney's fees at the trial level and on appeal.

7.5 WAIVER. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

7.6 APPLICABLE LAW. This Agreement shall be governed by and shall be construed in accordance with the laws of the State of Michigan.

7.7 ENTIRE AGREEMENT. This Agreement constitutes the entire Agreement between the parties pertaining to its subject matter, and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all parties.

UNIVERSAL FOREST PRODUCTS, INC.:

By:

By:

ADVISOR:

Peter F. Secchia

ASSIGNMENT

THIS ASSIGNMENT effective this 1st day of January, 2003, between SIBSCO, LLC, 220 Lyon Street NW, Suite 510, Grand Rapids, MI 49503 ("Assignee"), Peter F. Secchia, 2833 Bonnell SE, Grand Rapids, MI 49506 ("Assignor"), and Universal Forest Products, Inc., 2801 East Beltline NE, Grand Rapids, MI 49525 ("Company").

Recitals

WHEREAS, on December 31, 2002, Assignor and Company entered into a Consulting Agreement ("Agreement"), attached hereto as Exhibit "A," which is incorporated herein by reference. Assignor desires to assign and transfer the Agreement to Assignee, subject to Company approval; and

WHEREAS, Assignee desires to accept said transfer upon the terms and conditions hereinafter set forth.

IT IS AGREED:

1. Assignment. Assignor hereby sells, assigns, and transfers to Assignee all of Assignor's right, title, and interest to and under the Agreement. The assignment shall be effective January 1, 2003, herein the "Effective Date."

2. Acceptance and Indemnification. Assignee hereby accepts the foregoing assignment and transfer, and promises to faithfully perform all covenants, stipulations, agreements, and obligations under the Agreement accruing on and after the Effective Date, or otherwise attributable to the period commencing on said date and continuing thereafter, and Assignor shall be responsible for the period thereto. Assignee shall indemnify and save Assignor harmless from any and all claims, demands, actions, causes of action, suits, proceedings, damages, liabilities, and costs and expenses of every nature whatsoever which relate to the Agreement arising on or after the Effective Date. Assignor shall indemnify and save Assignee harmless from any and all claims, demands, actions, causes of action, suits, proceedings, damages, liabilities, and costs and expenses of every nature whatsoever which relate to the Agreement arising prior to the Effective Date.

3. Modification of Agreement. Other than as expressly provided herein, Company and Assignor may not change, modify, or amend the Agreement in any way.

4. Consent of Company. Company hereby consents, as of the Effective Date, to the assignment of the Agreement by Assignor to Assignee, provided that Assignor must remain the managing principal of Assignee throughout the term of the Agreement. The Company hereby consents to a re-assignment, if desired, by Assignee back to Assignor

during the term of the Agreement. The Agreement terms regarding the death or disability of Assignor shall survive the assignment.

5. Acceptance of Agreement. Assignee hereby accepts the Agreement.

6. Binding Effect. This Assignment shall be binding upon the successors and assigns of the parties. The parties shall execute and deliver such further and additional instruments, agreements, and other documents as may be necessary to evidence or carry out the provisions of this Assignment.

7. Non-Waiver. No delay or failure by either party to exercise any right under this Assignment, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

8. Governing Law. This Assignment shall be construed in accordance with and governed by the laws of the State of Michigan.

9. Counterparts. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

10. Amendments. This Assignment may not be amended, modified, or terminated except by instrument, in writing, executed by the parties hereto.

SIBSCO, LLC (Assignee) Peter F. Secchia (Assignor)

By:
---------- ----------

Its:

Universal Forest Products, Inc. (Company)

By:

Its:

NONDISCLOSURE AND NON-COMPETE AGREEMENT

This Agreement is entered into as of the 31st day of December, 2002 by and between Universal Forest Products, Inc., and its affiliates and subsidiaries, 2801 East Beltline NE, Grand Rapids, MI 49525 (herein "UFP"), and Peter F. Secchia, an individual, of 2833 Bonnell SE, Grand Rapids, MI 49546 (herein "Secchia").

RECITALS

A. Secchia intends to retire as an officer of UFP as of December 31, 2002. UFP wishes to restrict his services from being provided to any competitors of UFP.

The Parties agree as follows:

SECTION 1. DISCLOSURE OF INFORMATION.

Secchia acknowledges that UFP's trade secrets, private or secret processes as they exist from time to time, and information concerning customers and their identity, products, developments, manufacturing techniques, new product plans, equipment, inventions, discoveries, patent applications, ideas, designs, engineering drawings, sketches, renderings, other drawings, manufacturing and test data, computer programs, progress reports, materials, costs, specifications, processes, methods, research, procurement and sales activities and procedures, promotion and pricing techniques, and credit and financial data concerning customers of UFP, as well as information relating to the management, operation, or planning of UFP, herein the ("Proprietary Information") are valuable, special, and unique assets of UFP, access to and knowledge of which may be essential to the performance of Secchia's duties under this Agreement. In light of the highly competitive nature of the industries in which UFP conducts businesses, Secchia agrees that all Proprietary Information obtained by Secchia as a result of its relationship with UFP shall be considered confidential. In recognition of this fact, Secchia agrees that except as may be necessary for UFP's benefit, in Secchia's reasonable judgment, Secchia will not, during and after the Non-Compete Period, disclose any of such Proprietary Information to any person or entity for any reason or purpose whatsoever without the written consent of UFP, and Secchia will not make use of any Proprietary Information for Secchia's own purposes or for the benefit of any other person or entity (except UFP) under any circumstances.

SECTION 2. NON-COMPETITION AGREEMENT.

In order to further protect the confidentiality of the Proprietary Information and in recognition of the highly competitive nature of the industries in which UFP conducts its businesses, and for the consideration set forth herein, Secchia further agrees that during and for the period commencing on January 1, 2003 and ending on December 31, 2009 (the "Non-Compete Period"):

2.1 Secchia will not directly or indirectly engage in any Business Activities (hereinafter defined), other than on behalf of UFP, whether such engagement is as an officer, director, proprietor, employee, partner, investor (other than as a holder of less than 1% of the outstanding capital stock of a publicly-traded corporation), advisor, agent, or other participant, in any geographic area in which the products or services of UFP have been distributed or provided during the period of Secchia's consulting relationship with UFP. For purposes of this Agreement, the term "Business Activities" shall mean the design, development, manufacture, sale, marketing, or servicing of UFP's products, together with all other activities engaged in by UFP or any of its subsidiaries at any time during Secchia's relationship with UFP, and activities in any way related to activities with respect to which Secchia renders consulting services under this Agreement.

2.2 Secchia will not directly or indirectly engage in any of the Business Activities (other than on behalf of UFP) by supplying products or providing services to any customer with whom UFP has done any business during the consulting relationship with UFP, whether such engagement is as an officer, director, proprietor, employee, partner, investor (other than as a holder of less than one percent (1%) of the outstanding capital stock of a publicly traded corporation), advisor, agent, or other participant.

2.3 ASSISTANCE TO OTHERS. Secchia will not directly or indirectly assist others in engaging in any of the Business Activities in any manner prohibited to Secchia under this Agreement.

2.4 UFP'S EMPLOYEES. Secchia will not directly or indirectly induce employees of UFP to engage in any activity hereby prohibited to Secchia or to terminate their employment with UFP.

2.5 NON-COMPETE PAYMENTS. In exchange for Secchia's agreements and obligations under this Section 2, Secchia will receive a payment of Twelve Thousand Five Hundred Dollars ($12,500.00) per month for the term of the Non-Compete Period, subject to earlier termination upon the death or Disability of Secchia. Disability shall mean a physical or mental injury or illness that totally and permanently renders Secchia unable to perform all of the functions called for under this Agreement.

SECTION 3. INTERPRETATION.

Although Secchia and UFP consider the restrictions contained in Sections 1 and 2 of this Agreement reasonable for the purpose of preserving the goodwill, proprietary rights, and going concern value of UFP, if a final judicial determination is made by a

court having jurisdiction that the time or territory or any other restriction contained in Section 2 is an unenforceable restriction on the activities of Secchia, the provisions of such restriction shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such other extent as such court may judicially determine or indicate to be reasonable. Alternatively, if the court referred to above finds that any restriction contained in Section 2 or any remedy provided in Section 4 of this Agreement is unenforceable, and such restriction or remedy cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained in this Agreement or the availability of any other remedy. The provisions of Sections 1 and 2 shall in no respect limit or otherwise affect the obligations of Secchia under other agreements with UFP.

SECTION 4. REMEDIES.

Secchia acknowledges and agrees that UFP's remedy at law for a breach or threatened breach of any of the provisions of Sections 1 and 2 of this Agreement would be inadequate and, in recognition of this fact, in the event of a breach or threatened breach by Secchia of any of the provisions of Sections 1 and 2, Secchia agrees that, in addition to its remedies at law, at UFP's option, all rights of Secchia, and obligations of UFP, under this Agreement may be terminated. UFP shall be entitled to equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable remedy which may then be available. UFP shall not be required to post bond, and Secchia agrees not to oppose UFP's request for equitable relief. Secchia acknowledges that the granting of a temporary injunction, temporary restraining order or permanent injunction merely prohibiting the use of Proprietary Information would not be an adequate remedy upon breach or threatened breach of Sections 1 and 2, and consequently agrees upon any such breach or threatened breach to the granting of injunctive relief prohibiting the design, development, manufacture, marketing or sale of products and providing of services of the kind designed, developed, manufactured, marketed, sold or provided by UFP or its subsidiaries during the term of Secchia's relationship with UFP. Nothing contained in this Section 4 shall be construed as prohibiting UFP from pursuing, in addition, any other remedies available to it for such breach or threatened breach.

SECTION 5. MISCELLANEOUS PROVISIONS.

5.1 ASSIGNMENT. This Agreement shall not be assignable by either party, except by UFP to any subsidiary or affiliate of UFP (now or hereafter existing) or to any successor in interest to UFP's business, provided that in the case of an assignment to an affiliate or subsidiary, UFP shall remain liable as a guarantor for payments due to Secchia hereunder.

5.2 BINDING EFFECT. The provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties.

5.3 NOTICE. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, postage prepaid, addressed to the parties at the address stated on the first page of this Agreement. The address of a party to which notices or other communications shall be mailed may be changed from time to time by giving written notice to the other party.

5.4 LITIGATION EXPENSE. In the event of a default under this Agreement, the defaulting party shall reimburse the non-defaulting party for all costs and expenses reasonably incurred by the non-defaulting party in connection with the default, including without limitation reasonable attorney's fees. The non-defaulting party may seek reimbursement in a court of competent jurisdiction. Additionally, in the event a suit or action is filed to enforce this Agreement or with respect to this Agreement, the prevailing party or parties shall be reimbursed by the other party for all costs and expenses incurred in connection with the suit or action, including without limitation reasonable attorney's fees at the trial level and on appeal.

5.5 WAIVER. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

5.6 APPLICABLE LAW. This Agreement shall be governed by and shall be construed in accordance with the laws of the State of Michigan.

5.7 ENTIRE AGREEMENT. This Agreement constitutes the entire Agreement between the parties pertaining to its subject matter, and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all parties.

[SIGNATURES ON FOLLOWING PAGE.]

UNIVERSAL FOREST PRODUCTS, INC.:

By:

Its:

Peter F. Secchia

EXHIBIT 10 (a)(5)

CONDITIONAL SHARE GRANT AGREEMENT

AGREEMENT made this 17th day of April, 2002, between UNIVERSAL FOREST PRODUCTS, INC., a Michigan corporation (the "Company"), and WILLIAM G. CURRIE (the "Employee").

RECITALS

The Universal Forest Products, Inc. Long-Term Incentive Plan authorizes the award of shares of stock to key employees of the Company upon such terms and conditions as may be determined by the Committee or the Board of Directors.

The Committee has approved the conditional grant of shares to the Employee upon the terms and conditions set forth in this Agreement. The Company and Employee desire to confirm in this Agreement the terms, conditions, and restrictions applicable to the grant of restricted stock.

NOW, THEREFORE, intending to be bound, the parties agree as follows:

1. DEFINITIONS

1.1 "Board" means the Board of Directors of the Company.

1.2 "Change in Control" means an occurrence of a nature with respect to the Company that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act. Without limiting the inclusiveness of the definition in the preceding sentence, a Change in Control shall be deemed to have occurred as of the first day that any one or more of the following conditions is satisfied:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities; or

(b) At any time a majority of the Board of Directors of the Company is comprised of other than Continuing Directors (for purposes of this section, the term Continuing Director means a director who was either (i) first elected or appointed as a director prior to the Effective Date of this Agreement; or (ii) subsequently elected or appointed as a director if such director was nominated or appointed by at least a majority of the then Continuing Directors); or

(c) Any of the following occur:

(i) Any merger or consolidation of the Company, other than a merger or consolidation in which the voting securities of the Company immediately prior to the merger or consolidation continue to represent (either by remaining outstanding or being converted into securities of the surviving entity) fifty percent (50%) or more of the combined voting power of the Company or surviving entity immediately after the merger of consolidation with another entity;

(ii) Any sale, exchange, lease, mortgage, pledge, transfer, or other disposition (in a single transaction or a series of related transactions) of assets or earning power aggregating more than fifty percent (50%) of the assets or earning power of the Company on a consolidated basis;

(iii) Any liquidation or dissolution of the Company;

(iv) Any reorganization, reverse stock split, or recapitalization of the Company which would result in a Change in Control; or

(v) Any transaction or series of related transactions having, directly or indirectly, the same effect as any of the foregoing; or any agreement, contract, or other arrangement providing for any of the foregoing.

1.3 "Committee" means the Committee appointed by the Board to administer the Plan.

1.4 "Common Stock" means the common stock of the Company.

1.5 "Company" means Universal Forest Products, Inc., a Michigan corporation, its successors and assigns.

1.6 "Effective Date of this Agreement" means April 17, 2002.

1.7 "Plan" means the Universal Forest Products, Inc. Long-Term Incentive Plan.

1.8 "Shares" means the shares of Common Stock awarded, issued and delivered to Employee under this Agreement. If, as a result of a stock split, stock dividend, combination of stock, or any other change or exchange of securities, by reclassification, reorganization, recapitalization or otherwise, the Shares shall be increased or decreased, or changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or another corporation, the term "Shares" shall mean and include the shares of stock or other securities issued with respect to the Shares.

2. CONDITIONAL GRANT AWARD

2.1 Conditional Grant. The Company hereby agrees to grant ten thousand (10,000) shares of Common Stock (the "Shares") to Employee immediately upon the satisfaction of the terms and conditions set forth in Section 3 of this Agreement. The award of Shares shall be effective as of the Grant Date, as defined in Section 3 below. The Company agrees to issue and deliver to Employee a certificate representing the Shares promptly upon the Grant Date.

2.2 Acceptance. Employee accepts this conditional award of Shares.

3. CONDITIONS TO GRANT. The Company shall grant the Shares to Employee upon the first to occur of the following conditions (the effective date of which shall be referred to in this Agreement as the Grant Date), provided that Employee has been in the continuous employment of the Company from the Effective Date of this Agreement until the Grant Date:

(a) Upon the 65th birthday of Employee;
(b) Upon a Change in Control; or
(c) Upon Employee's death.

4. ACQUISITION WARRANTIES. In order to induce the Company to issue and deliver the Shares on the terms of this Agreement, Employee warrants to and agrees with the Company as follows:

4.1 No Participating Interest. The Employee is acquiring the Shares for Employee's own account, and has not made any arrangement to convey any interest in the Shares to any person.

4.2 Ability to Evaluate. Because of Employee's knowledge and experience in financial and business matters, Employee is capable of evaluating the merits and risks of acquiring the Shares under the arrangements prescribed by this Agreement.

4.3 Familiarity with Company. Employee is familiar with the business, financial condition, earnings and prospects of the Company, and confirms that the Company has not made any representation regarding the foregoing matters or the merits of this Agreement.

4.4 All Questions Answered. Employee understands all of the terms of this Agreement and the consequences to Employee of any actions which may be taken under this Agreement. Employee confirms there are no questions relating to any such matters which have not been answered to Employee's complete satisfaction.

4.5 Rights as Shareholder. Employee shall have no rights as a shareholder with respect to the Shares unless and until the Grant Date.

5. GENERAL PROVISIONS

5.1 No Right to Employment. This Agreement is not an employment contract. Neither the Plan nor this Agreement or anything else changes the at will employment status of Employee.

5.2 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be valid and enforceable, but if any provision of this Agreement shall be held to be prohibited or unenforceable under applicable law (a) such provision shall be deemed amended to accomplish the objectives of the provision as originally written to the fullest extent permitted by law, and (b) all other provisions of this Agreement shall remain in full force and effect.

5.3 Captions. The captions used in this Agreement are for convenience only, do not constitute a part of this Agreement and all of the provisions of this Agreement shall be enforced and construed as if no captions had been used.

5.4 Complete Agreement. This Agreement contains the complete agreement between the parties relating in any way to the subject matter of this Agreement and supersedes any prior understandings, agreements or representations, written or oral, which may have related to such subject matter in any way.

5.5 Notices.

(a) Procedures Required. Each communication given or delivered under this Agreement must be in writing and may be given by personal delivery or by certified mail. A written communication shall be deemed to have been given on the date it shall be delivered to the address required by this Agreement.

(b) Communications to the Company. Communications to the Company shall be addressed to it at the principal corporate headquarters and marked to the attention of the Company's president.

(c) Communications to Employee. Every communication to Employee shall be addressed to Employee at the address given immediately below the Employee's signature to this Agreement, or to such other address as Employee shall specify to the Company.

5.6 Assignment. This Agreement is not assignable by Employee during Employee's lifetime. This Agreement shall be binding upon and inure to the benefit of (a) the successors and assigns of the Company, and (b) any person to whom Employee's rights under this Agreement may pass by reason of Employee's death.

5.7 Amendment. This Agreement may be amended, modified or terminated only by written agreement between the Company and Employee.

5.8 Waiver. No delay or omission in exercising any right hereunder shall operate as a waiver of such right or of any other right hereunder. A waiver upon any one occasion shall not be construed as a bar or waiver of any right or remedy on any other occasion. All of the rights and remedies of the parties hereto, whether evidenced hereby or granted by law, shall be cumulative.

5.9 Choice of Law. This Agreement shall be deemed to be a contract made under the laws of the State of Michigan and for all purposes shall be construed in accordance with and governed by the laws of the State of Michigan.

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

EMPLOYEE

_____
William G. Currie

ADDRESS:

1830 Beard Drive SE
Grand Rapids, MI 49546

UNIVERSAL FOREST PRODUCTS, INC.

BY: _____

ITS:_____

EXHIBIT 10(i)(2)

Execution Copy

CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of November 25, 2002 (as amended or modified from time to time, this "Agreement"), is by and among Universal Forest Products, Inc., a Michigan corporation (the "Company"), the Canadian Borrower, the lenders party hereto from time to time (the "Lenders"), Bank One, NA, a national banking association having its principal office in Chicago, Illinois, as Agent, Wachovia Bank, N.A., as syndication agent (in such capacity, together with its successors and assigns, the "Syndication Agent") and Standard Federal Bank, N.A., as documentation agent (in such capacity, together with its successors and assigns, the "Documentation Agent").

INTRODUCTION

The Borrowers desire to obtain a revolving credit facility, including letters of credit, in the aggregate principal amount of $200,000,000 in order to provide funds for working capital and general corporate purposes, with a sub-limit for Canadian advances to the Canadian Borrower of $15,000,000 and for bid-option loans of $75,000,000, and the Lenders are willing to establish such credit facilities in favor of the Borrowers on the terms and conditions herein set forth.

In consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Certain Definitions. As used herein the following terms shall have the following respective meanings:

"Absolute Rate Bid-Option Loan" shall mean a Loan which pursuant to the applicable Notice of Bid-Option Loan is made at the Bid-Option Absolute Rate.

"Acquisition" shall mean any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Company or any of its Subsidiaries directly or indirectly (i) acquires any going business or all or substantially all of the assets of any firm, corporation, partnership, limited liability company or other business entity or other Person, or division thereof, whether through purchase of assets, merger or otherwise or (ii) acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the Capital Stock of any Person.

"Activated Aggregate Canadian Commitments" is defined in Section 2.1(d).

"Advance" shall mean any Loan and any Letter of Credit Advance.

"Adjusted Leverage Ratio" shall mean, as of any date, the ratio of (a) the Total Seasonally Adjusted Debt as of such date to (b) the Total Adjusted Capitalization as of such date.

"Affiliate" when used with respect to any Person shall mean any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person. For purposes of this definition "control" (including the correlative meanings of the terms "controlled by" and "under common control with") with respect to any Person, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting Capital Stock or by contract or otherwise. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of Voting Stock of the controlled Person.

"Agent" shall mean Bank One, NA in its capacity as contractual representative of the Lenders pursuant to Article VII, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article VII, and for purposes of notices to the Agent from the Canadian Borrower, notices by the Agent to Canadian Lenders under such sections and such other notices with respect to the Canadian Borrower or Canadian Lenders as designated by the Agent from time to time, Agent shall be deemed references to the Agent's Affiliate Bank One Canada.

"Agent Payment Office" of the Agent shall mean, for each of the Agreed Currencies, the office, branch, affiliate or correspondent bank of the Agent specified from time to time by the Agent as the "Agent Payment Office" to the Borrowers and the Lenders for such Agreed Currency.

"Aggregate Available Canadian Commitments" shall mean at any date of determination with respect to all Canadian Lenders, an amount equal to the Available Canadian Commitments of all Canadian Lenders on such date.

"Aggregate Available U.S. Commitments" shall mean as at any date of determination with respect to all Lenders, an amount equal to the Available U.S. Commitments of all Lenders on such date.

"Aggregate Syndicated Outstandings" shall mean as at any date of determination with respect to any Lender, the Dollar Equivalent of the sum of the aggregate unpaid principal amount of such Lender's Syndicated Loans on such date and the amount of such Lender's Pro Rata Share of Letters of Credit and Swingline Loans on such date and without duplication the amount of such Lender's participation in other Syndicated Loans pursuant to Section 2.1(e) on such date.

"Agreed Currencies" shall mean (a) with respect to the Company, U.S. Dollars; and (b) with respect to the Canadian Borrower, Canadian Dollars.

"Applicable Lending Office" shall mean, with respect to any Advance made by any Lender or with respect to such Lender's Commitment, the Affiliate of such Lender or the office or branch of such Lender or of any Affiliate of such Lender located at the address specified as the applicable lending office for such Lender set forth next to the name of such Lender in the signature pages hereof or any other office or branch or Affiliate of such Lender or of any Affiliate of such Lender hereafter selected and notified to the Borrowers and the Agent by such Lender.

"Applicable Margin" shall mean, with respect to any Eurodollar Rate Syndicated Loan, BA Rate Syndicated Loan, Letter of Credit fee under Section 2.5(b)(i) and facility fee under Section 2.5(a), as the case may be, the applicable percentage set forth in the applicable table below based upon the Adjusted

Leverage Ratio, as adjusted on the date 50 days after the end of each fiscal quarter of the Company and shall remain in effect until the next change to be effected pursuant to this definition, based upon the Adjusted Leverage Ratio as of the last day of the most recently ended fiscal quarter; provided, however, (i) until the Applicable Margin is adjusted for the first time based on the Adjusted Leverage Ratio as of the end of the first fiscal quarter ending after the Effective Date, the Applicable Margin shall be set at Level III, and (ii) upon the occurrence and during the continuance of any Default or Event of Default, the Applicable Margin shall be the highest Applicable Margin set forth in the table below:

APPLICABLE MARGIN --- ---------- ---------- ---------- ---------- ---------- ---- Eurodollar Rate	Syndicated BA Rate	Syndicated Level Adjusted Leverage Ratio Loan and Letter of Credit Fee	Facility Fee - ---- - -------- ---------- ---------- --------- ---------- ---------- --------- ---------- -------
I < or = 0.35 to 1.0 70 basis points	17.5 basis points	II > 0.35 to 1.0 and < or = 0.425 to 1.0 80 basis points	20.0 basis points
III > 0.425 to 1.0 and < or = 0.50 to 1.0 102.5 basis points	22.5 basis points	IV > 0.50 to 1.0 and < or = 0.55 to 1.0 125 basis points	25.0 basis points
V > 0.55 to 1.0 140 basis points	35.0 basis points		

"Arranger" shall mean Banc One Capital Markets, Inc., a Delaware

corporation, and its successors.

"Assignment and Acceptance" is defined in Section 8.6(d).

"Available Canadian Commitment" shall mean at any date of determination with respect to any Canadian Lender (after giving effect to the making and payment of any Loans required on such date pursuant to Section 2.6(g)), the lesser of (a) the excess, if any, of (i) the Dollar Equivalent of such Canadian Lender's Canadian Commitment in effect on such date over (ii) the aggregate Canadian Syndicated Loans of such Canadian Lender on such date and (b) the Available U.S. Commitment of such Lender on such date.

"Available U.S. Commitment" shall mean at any date of determination with respect to any Lender (after giving effect to the making and payment of any Loans required on such date pursuant to Section 2.6(g)), an amount in Dollars equal to the excess, of (a) the amount of such Lender's U.S. Commitment in effect on such date over (b) the Aggregate Syndicated Outstandings of such Lender on such date.

"BA Interest Period" shall mean, relative to any BA Rate Syndicated Loan, the period beginning on (and including) the date on which such BA Rate Syndicated Loan is made or continued to (but excluding) the date which is one, two, three, or six months thereafter or such other period of time agreed to by the Canadian Lenders, as the Canadian Borrower may elect under Section 2.6, and each subsequent period commencing on the expiry of the immediately preceding BA Interest Period and ending on the date one, two, three, or six months (or such other period acceptable to the Canadian Borrower and the Canadian Lenders) thereafter, as the Canadian Borrower may elect under Section 2.6, provided, however, that (a) each BA Interest Period which would otherwise end on a day which is not a Business Day shall end on the

next succeeding Business Day, and (b) no BA Interest Period shall be permitted which would end after the Termination Date.

"BA Rate" shall mean with respect to a BA Rate Syndicated Loan for the relevant BA Interest Period, the sum of (a) the Applicable Margin plus (b) the bid rate quoted by Bank One Canada for its own acceptances for the relevant BA Interest Period as of the first day of such BA Interest Period.

"BA Rate Syndicated Loan" shall mean any Syndicated Loan which bears interest at the BA Rate.

"Bank One" shall mean Bank One, NA, , a national banking association having its principal office in Chicago, Illinois, in its individual capacity, and its successors.

"Bank One Canada" shall mean Bank One, NA, Canada Branch and any other successor or assignee thereof which is a branch or Affiliate of Bank One.

"Bid-Option Absolute Rate" shall mean, with respect to any Absolute Rate Bid-Option Loan, the Bid-Option Absolute Rate, as defined in Section 2.2(d)(ii)(E), that is offered for such Loan.

"Bid-Option Auction" shall mean a solicitation of Bid-Option Quotes setting forth Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be, pursuant to Section 2.2(b).

"Bid-Option Eurodollar Rate" shall mean the sum of (a) the Bid-Option Eurodollar Rate Margin plus (b) the Eurodollar Base Rate.

"Bid-Option Eurodollar Rate Margin" shall mean, with respect to any Eurodollar Rate Bid-Option Loan, the Bid-Option Eurodollar Rate Margin, as defined in Section 2.2(d)(ii)(F), that is offered for such Loan.

"Bid-Option Interest Period" shall mean (a) with respect to each Eurodollar Rate Bid Option Borrowing, the Eurodollar Rate Interest Period applicable thereto, and (b) with respect to each Absolute Rate Bid Option Borrowing, the period commencing on the date of such Borrowing and ending on the date elected by the Company in the applicable Notice of Borrowing, which date shall be not less than 15 days and not more than 180 days after the date of such Bid-Option Loan; provided that:

(i) any such Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business day; and

(ii) no such Interest Period that would end after the Termination Date shall be permitted.

"Bid-Option Loan" shall mean a Loan which is made by a Lender pursuant to a Bid-Option Auction.

"Bid-Option Note" shall mean a promissory note of the Company in substantially the form of Exhibit A hereto evidencing the obligation of the Company to repay Bid-Option Loans, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor.

"Bid-Option Percentage" shall mean, with respect to any Lender, the percentage of the aggregate outstanding principal amount of the Bid-Option Loans of all the Lenders represented by the outstanding principal amount of the Bid-Option Loans of such Lender.

"Bid-Option Quote" shall mean an offer by a Lender to make a Bid-Option Loan in accordance with Section 2.2(d).

"Bid-Option Quote Request" shall mean a Bid-Option Quote Request in the form referred to in Section 2.2(b).

"Borrowers" shall mean the Company and the Canadian Borrower.

"Borrowing" shall mean the aggregation of Advances made to the Borrowers, or continuations and conversions of such Advances, made pursuant to Article II on a single date and for a single Interest Period. A Borrowing may be referred to for purposes of this Agreement by reference to the type of Loan comprising the relating Borrowing, e.g., a "Floating Rate Borrowing" if such Loans are Floating Rate Loans, a "Eurodollar Rate Syndicated Borrowing" if such Loans are Eurodollar Rate Syndicated Loans, a "BA Rate Syndicated Borrowing" if such Loans are BA Rate Syndicated Loans, an "Absolute Rate Bid-Option Borrowing" if such Loans are Absolute Rate Bid-Option Loans, or a "Eurodollar Rate Bid-Option Borrowing" if such Loans are Eurodollar Rate Bid-Option Loans. Floating Rate Borrowings, BA Rate Syndicated Loans and Eurodollar Rate Syndicated Borrowings may be similarly collectively referred to as "Syndicated Borrowings", and Absolute Rate Bid-Option Borrowings and Eurodollar Rate Bid-Option Borrowings may be collectively referred to as "Bid-Option Borrowings".

"Business Day" shall mean (a) a day other than a Saturday, Sunday or other day on which the Agent is not open to the public for carrying on substantially all of its banking functions, (b) with respect to any Eurodollar Rate Loan, a day which is both a Business Day and a day on which dealings in U.S. Dollar deposits are carried out in the relevant interbank market and (c) with respect to any BA Rate Syndicated Loan, a day on which commercial banks are open for foreign exchange business in Canada and dealings in Canadian Dollars are carried on in the applicable offshore foreign exchange interbank market or other market in which disbursement of or payment in Canadian Dollars will be made or received hereunder.

"Canadian Borrower" shall mean Universal Forest Products Nova Scotia ULC, an unlimited liability company organized under the laws of Nova Scotia, or such other Subsidiary of the Company which (i) is organized under the laws of Canada or any political subdivision thereof, (ii) becomes the Canadian Borrower pursuant to the terms of Section 8.1(d), and (iii) is approved by the Agent.

"Canadian Dollars" or "C$" shall mean the lawful currency of Canada.

"Canadian Lender" shall mean any Lender which has a Canadian Commitment, provided that such Lender shall make its Canadian Loans through its Applicable Lending Office designated on the signature pages hereto or otherwise designated by such Lender from time to time as it Applicable Lending Office in Canada.

"Canadian Commitment" shall mean, as to any Canadian Lender at any time, its obligation to make Canadian Syndicated Loans to the Canadian Borrower under Section 2.1(b) in an aggregate U.S. Dollar amount not to exceed at any time the amount set forth opposite such Lender's name on the

signature pages hereof under the heading "Canadian Commitment" or as otherwise established pursuant to Section 8.6, as such amount may be modified from time to time pursuant to the provisions hereof.

"Canadian Syndicated Loans" shall mean Syndicated Loans made to the Canadian Borrower under Section 2.1(b).

"Capital Lease" of any Person shall mean any lease which, in accordance with Generally Accepted Accounting Principles, is or should be capitalized on the books of such Person.

"Capital Stock" shall mean (i) in the case of any corporation, all capital stock and any securities exchangeable for or convertible into capital stock and any warrants, rights or other options to purchase or otherwise acquire capital stock or such securities or any other form of equity securities, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person.

"Cash Equivalent" shall mean (i) cash in U.S. Dollars, (ii) cash in Canadian Dollars, (iii) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof having maturities of not more than six months from the date of acquisition, (iv) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's, (v) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case with any Lender or with any domestic commercial bank having capital and surplus in excess of $250,000,000 and a Keefe Bank Watch Rating of "B" or better, (vi) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (iii), (iv), and (v) above entered into with any financial institution meeting the qualifications specified in clause (v) above, (vii) commercial paper having one of the two highest ratings obtained from Moody's or S&P and in each case maturing within six months after the date of acquisition and (viii) investments in money market funds which invest substantially all their assets in securities of the type described in clauses (i) through (vii) above.

"Change of Control" shall mean (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 25% or more of the outstanding shares of voting Capital Stock of the Company, other than any such acquisition by Peter Secchia, Carroll M. Shoffner or any Person wholly owned and controlled, free and clear of any Liens, by Peter Secchia and/or Carroll M. Shoffner; (ii) any Person or two or more Persons acting in concert shall have acquired, by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Company; (iii) Continuing Directors shall cease to constitute at least a majority of the directors constituting the board of directors of the Company; or (iv) the occurrence of any "Change of Control" or similar term as defined in any agreement or instrument relating to the Senior Note Debt.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations thereunder.

"Commitments" shall mean the Canadian Commitments and the U.S. Commitments.

"Consolidated" or "consolidated" shall mean, when used with reference to any financial term in this Agreement, the aggregate for two or more Persons of the amounts signified by such term for all such Persons determined on a consolidated basis in accordance with Generally Accepted Accounting Principles.

"Contingent Liabilities" of any Person shall mean, as of any date, all obligations of such Person or of others for which such Person is contingently liable, as obligor, guarantor, surety or in any other capacity, or in respect of which obligations such Person assures a creditor against loss or agrees to take any action to prevent any such loss (other than endorsements of negotiable instruments for collection in the ordinary course of business), including without limitation all reimbursement obligations of such Person in respect of any letters of credit, surety bonds or similar obligations and all obligations of such Person to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the financial condition of such other Person.

"Continuing Directors" shall mean as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of such Board of Directors on the Effective Date or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Default" shall mean any of the events or conditions described in Section 6.1 which will become an Event of Default with notice or lapse of time or both.

"Defaulting Lender" shall mean any Lender that fails to make available to the Agent such Lender's Loans required to be made hereunder or shall have not made a payment required to be made to the Agent hereunder. Once a Lender becomes a Defaulting Lender, such Lender shall continue as a Defaulting Lender until such time as such Defaulting Lender makes available to the Agent the amount of such Defaulting Lender's Loans and all other amounts required to be paid to the Agent pursuant to this Agreement.

"Documentation Agent" is defined in the first paragraph of this Agreement.

"Disqualified Stock" shall mean any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part.

"Domestic Subsidiary" shall mean each present and future Subsidiary of the Company which is not a Foreign Subsidiary.

"EBIT" shall mean, for any period, Net Income for such period plus all amounts deducted in determining such Net Income on account of (a) Total Interest Expense and (b) income taxes, and (c) any one-time non-cash charges related to Financial Accounting Standards 141 or 142, all as determined for the Company and its Subsidiaries on a consolidated basis in accordance with Generally Accepted Accounting Principles.

"Effective Date" shall mean the effective date specified in the final paragraph of this Agreement.

"Environmental Laws" at any date shall mean all provisions of law, statute, ordinances, rules, regulations, judgments, writs, injunctions, decrees, orders, awards and standards which are applicable to the Company or any Subsidiary and promulgated by the government of the United States of America or any foreign government or by any state, province, municipality or other political subdivision thereof or therein or by any court, agency, instrumentality, regulatory authority or commission of any of the foregoing concerning the protection of, or regulating the discharge of substances into, the environment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations thereunder.

"ERISA Affiliate" shall mean, with respect to any Person, any trade or business (whether or not incorporated) which, together with such Person or any Subsidiary of such Person, would be treated as a single employer under Section 414 of the Code.

"Eurodollar Base Rate" applicable to any Eurodollar Interest Period shall mean, the rate per annum obtained by dividing (a) the per annum rate of interest determined by the Agent at which deposits in U.S. Dollars for such Eurodollar Interest Period and in an aggregate amount comparable to (i) in the case of Eurodollar Rate Syndicated Loans, the amount of the related Eurodollar Rate Syndicated Loan to be made by the Agent in its capacity as a Lender hereunder and (ii) in the case of Eurodollar Rate Bid-Option Loans, the aggregate amount of the Eurodollar Rate Bid-Option Borrowing set forth in the related Bid-Option Quote Request, are offered to the Agent by other prime banks in the applicable interbank market selected by the Agent in its reasonable discretion, at approximately 11:00 a.m. London time, on the second Business Day prior to the first day of such Eurodollar Interest Period by (b) an amount equal to one minus the stated maximum rate (expressed as a decimal) of all reserve requirements including, without limitation, any marginal, emergency, supplemental, special or other reserves, that is specified on the first day of such Eurodollar Interest Period by the Board of Governors of the Federal Reserve System (or any successor agency thereto) or any other governmental authority (including any nation or government, any political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government) having jurisdiction with respect thereto, for determining the maximum reserve requirement with respect to eurocurrency funding (currently referred to as "Eurodollar liabilities" in Regulation D of such Board) maintained by a member bank of such System or otherwise with respect to determining reserves or similar amounts; all as conclusively determined by the Agent, absent manifest error, such sum to be rounded up, if necessary, to the nearest whole multiple of one sixteenth of one percent (1/16 of 1%).

"Eurodollar Interest Period" shall mean, with respect to any Eurodollar Rate Syndicated Loan, the period commencing on the day such Eurodollar Rate Syndicated Loan is made or converted to a Eurodollar Rate Syndicated Loan and ending on the date one, two, three or six months thereafter or such other period of time agreed to by the Lenders, as the Company may elect under Section 2.6 or 2.9, and each subsequent period commencing on the last day of the immediately preceding Eurodollar Interest Period and ending on the date one, two, three or six months thereafter, as the Company may elect under Section 2.6 or 2.9, and with respect to any Eurodollar Rate Bid-Option Loan, the period commencing on the date of such Eurodollar Rate Bid-Option Loan and ending on a date between one month and twelve months thereafter, as the Company may elect in the Notice of Bid-Option Loan, provided, however, that (a) any Eurodollar Interest Period which commences on the last Business Day of a calendar month (or on any day for which there is no

numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month, (b) each Eurodollar Interest Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day or, if such next succeeding Business Day falls in the next succeeding calendar month, on the next preceding Business Day, and (c) no Eurodollar Interest Period which would end after the Termination Date shall be permitted.

"Eurodollar Rate Loan" shall mean any Eurodollar Rate Bid-Option Loan or Eurodollar Rate Syndicated Loan.

"Eurodollar Rate Bid-Option Loan" shall mean a Bid-Option Loan which pursuant to the applicable Notice of Bid-Option Loan is made at the Bid-Option Eurodollar Rate.

"Eurodollar Rate Syndicated Loan" shall mean any Syndicated Loan which bears interest at the Syndicated Eurodollar Rate.

"Event of Default" shall mean any of the events or conditions described in Section 6.1.

"Existing Letters of Credit" shall mean the letters of credit outstanding on the Effective Date and listed on Schedule 1 hereto.

"Federal Funds Rate" shall mean, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Detroit time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"Financial Contract" of a Person shall mean (i) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics, or (ii) any Rate Hedging Agreement.

"Fixed Rate Loan" shall mean any Eurodollar Rate Syndicated Loan, any BA Rate Syndicated Loan, or any Bid-Option Loan.

"Floating Rate" shall mean for any day, a rate per annum equal to (i) with respect to Loans to the Company, the higher of the Prime Rate for such day and the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum and (ii) with respect to Loans to the Canadian Borrower, the Prime Rate for such day, in each case changing when and as the Prime Rate or the Federal Funds Effective Rate changes, as applicable.

"Floating Rate Loan" shall mean any Syndicated Loan which bears interest at the Floating Rate.

"Foreign Subsidiary" shall mean any Subsidiary incorporated or formed in any jurisdiction other than any State of the United States of America.

"Generally Accepted Accounting Principles" shall mean generally accepted accounting principles in effect from time to time and applied on a basis consistent with that reflected in the financial statements referred to in Section 4.6.

"Guaranties" shall mean the guaranties entered into by each of the Guarantors for the benefit of the Agent and the Lenders pursuant to Section 5.1(f) in substantially the form of Exhibit B hereto or other form approved by the Agent, as amended or modified from time to time.

"Guarantor" shall mean (a) with respect to the Company, each present and future Domestic Subsidiary of the Borrowers which is required to execute a Guaranty pursuant to this Agreement, and each Person otherwise entering into a Guaranty from time to time and (b) with respect to the Canadian Borrower, the Company, each present and future Domestic Subsidiary of the Borrowers which is required to execute a Guaranty pursuant to this Agreement, and each Person otherwise entering into a Guaranty from time to time.

"Indebtedness" of any Person shall mean, as of any date, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person as lessee under any Capital Lease, (c) the unpaid purchase price for goods, property or services acquired by such Person, except for accounts payable and other accrued liabilities arising in the ordinary course of business which are not materially past due, (d) all obligations of such Person to purchase goods, property or services where payment therefor is required regardless of whether delivery of such goods or property or the performance of such services is ever made or tendered (generally referred to as "take or pay contracts"), other than obligations incurred in the ordinary course of business, (e) all obligations of such Person in respect of any Financial Contract (valued in an amount equal to the highest termination payment, if any, that would be payable by such Person upon termination for any reason on the date of determination), (f) to the extent not included in the foregoing, obligations and liabilities which would be classified as part of Total Debt, and (g) all obligations of others similar in character to those described in clauses (a) through (f) of this definition for which such Person is contingently liable, as obligor, guarantor, surety or in any other capacity, or in respect of which obligations such Person assures a creditor against loss or agrees to take any action to prevent any such loss (other than endorsements of negotiable instruments for collection in the ordinary course of business), including without limitation all reimbursement obligations of such Person in respect of letters of credit, surety bonds or similar obligations and all obligations of such Person to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the financial condition of such other Person.

"Intercreditor Agreement" shall mean the Intercreditor Agreement dated as of November 13, 1998 among the Creditors (as defined therein) of the Company and Bank One, NA (as successor by merger with Bank One, Michigan, formerly known as NBD Bank), as Collateral Agent, as amended or modified from time to time, under which agreement the Lenders, the Agent and the Senior Note Holders agree to share equally and ratably in any proceeds realized from the enforcement of any guarantees from the Company and any Subsidiaries of the Company and any pledges of any Capital Stock of any Foreign Subsidiaries which guarantee or secure, as the case may be, the Lender Obligations, the Senior Note Debt and the other Subject Obligations, provided that such Intercreditor Agreement, and any amendments or modifications thereto, shall be in form and substance acceptable to the Required Lenders and the Agent.

"Interest Coverage Ratio" shall mean, as of the last day of any fiscal quarter of the Company, the ratio of (a) EBIT to (b) Total Interest Expense, in each case as calculated for the four consecutive fiscal quarters then ending, all as determined in accordance with Generally Accepted Accounting Principles.

"Interest Payment Date" shall mean (a) with respect to any Eurodollar Rate Loan, BA Rate Syndicated Loan, or Bid-Option Loan, the last day of each Interest Period with respect to such Eurodollar Rate Loan, BA Rate Syndicated Loan, or Bid-Option Loan and, in the case of any Interest Period exceeding three months, those days that occur during such Interest Period at intervals of three months after the first day of such Interest Period, and (b) in all other cases, the last Business Day of each March, June, September and December occurring after the date hereof, commencing with the first such Business Day occurring after the date of this Agreement.

"Interest Period" shall mean any Eurodollar Interest Period, BA Interest Period, or Bid-Option Interest Period.

"Invitation for Bid-Option Quotes" shall mean an invitation for Bid-Option Quotes in the form referred to in Section 2.2(c).

"Lender Obligations" shall mean all indebtedness, obligations and liabilities, whether now owing or hereafter arising, direct, indirect, contingent or otherwise, of the Borrowers to the Agent or any Lender pursuant to the Loan Documents.

"Letters of Credit" shall mean (i) each Existing Letter of Credit having a stated expiry date not later than the fifth Business Day before the Termination Date and (ii) each standby letter of credit having a stated expiry date not later than one year from the issuance thereof and in no event after the fifth Business Day before the Termination Date issued by the Agent hereunder on behalf of the Lenders for the account of the Company under an application and related documentation acceptable to the Agent requiring, among other things, immediate reimbursement by the Company to the Agent in respect of all drafts or other demand for payment honored thereunder and all expenses paid or incurred by the Agent relative thereto.

"Letter of Credit Advances" shall mean each Existing Letter of Credit and each issuance of a Letter of Credit under Section 2.6 made pursuant to Section 2.1 in which each Lender acquires a pro rata risk participation pursuant to Section 2.6(f).

"Letter of Credit Documents" shall have the meaning ascribed thereto in Section 3.3(b).

"Lien" shall mean any pledge, assignment, deed of trust, hypothecation, mortgage, security interest, conditional sale or title retaining contract, or any other type of lien, charge, encumbrance or other similar claim or right.

"Loan" shall mean any Syndicated Loan, Swingline Loan, or any Bid-Option Loan, as the context may require.

"Loan Documents" shall mean this Agreement, the Notes, the Letter of Credit Documents, the Guaranties, the Pledge Agreements, the Intercreditor Agreement, any Rate Hedging Agreements between the Company or any of its Subsidiaries and any Lender and any other agreement, instrument or document executed at any time in connection with this Agreement.

"Material Adverse Effect" shall mean (i) a material adverse effect on the property, business, operations, financial condition, liabilities, prospects or capitalization of the Company and its Subsidiaries, taken as a whole or (ii) a material adverse effect on the ability of a Borrower or any Guarantor to perform its obligations under the Loan Documents.

"Moody's" shall mean Moody's Investors Service, Inc.

"Multiemployer Plan" shall mean any "multiemployer plan" as defined in Section 4001(a)(3) of ERISA or Section 414(f) of the Code.

"Net Income" shall mean, for any period, the net income (or loss) of the Company and its Subsidiaries on a consolidated basis for such period taken as a single accounting period, determined in accordance with Generally Accepted Accounting Principles; provided that in determining Net Income there shall be excluded, without duplication: (a) the income of any Person (other than a Subsidiary of the Company) in which any Person other than the Company or any of its Subsidiaries has a joint interest or partnership interest or other ownership interest, except to the extent of the amount of dividends or other distributions actually paid to the Company or any of its Subsidiaries by such Person during such period, (b) the loss of any Person (other than a Subsidiary of the Company) in which any Person other than the Company or any of its Subsidiaries has a joint interest or partnership interest or other ownership interest, except to the extent such loss is funded by the Company or any of its Subsidiaries during such period, (c) the income of any Person accrued prior to the date it becomes a Subsidiary of the Company or is merged into or consolidated with the Company or any of its Subsidiaries or that Person's assets are acquired by the Company or any of its Subsidiaries, (d) the proceeds of any insurance policy, other than proceeds of business interruption insurance to the extent included in net income under Generally Accepted Accounting Principles and not excluded by any other exclusion under this definition of Net Income, (e) gains or non-cash losses from the sale, exchange, transfer or other disposition of property or assets not in the ordinary course of business of the Company and its Subsidiaries and any other income of the Company and its Subsidiaries which is not from their continuing operations, and related tax effects in accordance with Generally Accepted Accounting Principles, (f) any other extraordinary or non-recurring gains or non-cash losses of the Company or its Subsidiaries, and related tax effects in accordance with Generally Accepted Accounting Principles, and (g) the income of any Subsidiary of the Company to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that income is not at the time permitted by operation of the terms of its charter or of any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary.

"Net Mark-to-Market Exposure" of a Person shall mean, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Rate Hedging Agreements. "Unrealized losses" means the fair market value of the cost to such Person of replacing such Rate Hedging Agreement as of the date of determination (assuming the Rate Hedging Agreement were to be terminated as of that date), and "unrealized profits" means the fair market value of the gain to such Person of replacing such Rate Hedging Agreement as of the date of determination (assuming such Rate Hedging Agreement were to be terminated as of that date).

"Net Worth" shall mean, as of any date, the amount of any capital stock, paid in capital and similar equity accounts plus (or minus in the case of a deficit) the capital surplus and retained earnings of the Company and the Subsidiaries and the amount of any foreign currency translation adjustment account shown as a capital account of the Company and its Subsidiaries, all on a consolidated basis in accordance with Generally Accepted Accounting Principles.

"Notes" shall mean the Revolving Credit Notes, the Swingline Loan Note and the Bid-Option Notes.

"Notice of Bid-Option Loan" shall have the meaning set forth in Section 2.2(f).

"Obligors" shall mean the Borrowers and the Guarantors.

"Overdue Rate" shall mean (a) in respect of principal of Floating Rate Loans, a rate per annum that is equal to the sum of two percent (2%) per annum plus the Floating Rate, (b) in respect of principal of Fixed Rate Loans, a rate per annum that is equal to the sum of two percent (2%) per annum plus the per annum rate in effect thereon until the end of the then current Interest Period for such Loan and, thereafter, a rate per annum that is equal to the sum of two percent (2%) per annum plus the Floating Rate, and (c) in respect of other amounts payable by a Borrower hereunder (other than interest), a per annum rate that is equal to the sum of two percent (2%) per annum plus the Floating Rate.

"PBGC" shall mean the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Permitted Liens" shall mean Liens permitted by Section 5.2(d) hereof.

"Person" shall include an individual, a corporation, a limited liability company, an association, a partnership, a trust or estate, a joint stock company, an unincorporated organization, a joint venture, a trade or business (whether or not incorporated), a government (foreign or domestic) and any agency or political subdivision thereof, or any other entity.

"Plan" shall mean, with respect to any Person, any pension plan (other than a Multiemployer Plan) subject to Title IV of ERISA or to the minimum funding standards of Section 412 of the Code which has been established or maintained by such Person, any Subsidiary of such Person or any ERISA Affiliate, or by any other Person if such Person, any Subsidiary of such Person or any ERISA Affiliate could have liability with respect to such pension plan.

"Pledge Agreements" shall mean each pledge agreement entered into by the Company or any of its Subsidiaries at any time for the benefit of the Agent and the Lenders pursuant to this Agreement, in form and substance satisfactory to the Agent, under which any of the Capital Stock of any Foreign Subsidiary is pledged to the Agent for the benefit of the Agent and the Lenders and subject to any Intercreditor Agreement, as amended or modified from time to time.

"Prime Rate" shall mean (a) with respect to Loans to the Company, a rate per annum equal to the prime rate of interest announced or established from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), and (b) with respect to Loans to the Canadian Borrower, a rate per annum equal to the prime rate announced or established from time to time by Bank One Canada (which is not necessarily the lowest rate charged to any customer) plus 1.25%, in each case changing when and as said prime rate changes.

"Prior Credit Agreement" shall mean that certain Credit Agreement, dated as of November 13, 1998, among the Company, the lenders party thereto, and Bank One, NA, successor by merger to Bank One, Michigan, formerly known as NBD Bank, as agent, as amended or modified from time to time.

"Pro Rata Share" shall mean, for each Lender, the ratio of such Lender's Commitments to the aggregate Commitments of all Lenders, provided that (a) with respect to U.S. Syndicated Loans, Letter of Credit Advances and Swingline Loans and facility fees with respect to the U.S. Commitments and Section 2.1(e), Pro Rata Share shall mean, for each Lender, the ratio such Lender's U.S. Commitment bears to the aggregate U.S. Commitments of all Lenders, and (b) with respect to Canadian Syndicated Loans, Pro Rata

Share shall mean, for each Lender, the ratio such Lender's Canadian Commitment bears to the aggregate Canadian Commitments of all Canadian Lenders.

"Prohibited Transaction" shall mean any non-exempt transaction involving any Plan which is proscribed by Section 406 of ERISA or Section 4975 of the Code.

"Property" of a Person shall mean any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Rate Hedging Agreement" shall mean any transaction (including an agreement with respect thereto) now existing or hereafter entered by the Company or any of its Subsidiaries which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Reportable Event" shall mean a reportable event as described in Section 4043(b) of ERISA including those events as to which the thirty (30) day notice period is waived under Part 2615 of the regulations promulgated by the PBGC under ERISA.

"Required Canadian Lenders" shall mean Canadian Lenders holding at least 51% of the aggregate Canadian Commitments then outstanding (or at least 51% of the Canadian Syndicated Loans if the Canadian Commitments have been terminated).

"Required Lenders" shall mean Lenders holding at least 51% of the aggregate U.S. Commitments then outstanding (or at least 51% of the Advances if the Commitments have been terminated).

"Revolving Credit Note" shall mean any promissory note of the Company evidencing the Syndicated Loans, in substantially the form annexed hereto as Exhibit C, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor.

"Same Day Funds" shall mean (a) with respect to disbursements and payments in U.S. Dollars, immediately available funds, and (b) with respect to disbursements and payments in any Canadian Dollars, same day or other funds as may be determined by the Agent to be customary in the place of disbursement or payment for the settlement of international banking transactions in Canadian Dollars.

"S&P" shall mean Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Senior Note Debt" shall mean the Subject Obligations under the 7.5% Senior Notes due May 5, 2004 issued by the Company pursuant to the Note Agreement among the Company and the holders of such notes dated as of May 1, 1994, the 6.69% Series 1998-A Senior Notes, Tranche A, due December 21, 2005 issued by the Company pursuant to the Note Agreement among the Company and the holders of such notes dated as of December 1, 1998, the 6.98% Series 1998-A Senior Notes, Tranche B, due December 21, 2008 issued by the Company pursuant to the Note Agreement among the Company and the holders of such notes dated as of December 1, 1998, the 6.98% Series 1998-A Senior Notes, Tranche

C, due December 21, 2008 issued by the Company pursuant to the Note Agreement among the Company and the holders of such notes dated as of December 1, 1998 and each "Successor Note Agreement", as that term is defined in the Intercreditor Agreement, provided such Subject Obligations are permitted under this Agreement.

"Senior Note Holders" shall mean the holders of the Senior Note Debt.

"Significant Subsidiary" shall mean any one or more Subsidiaries which, if considered in the aggregate as a single Subsidiary, would be a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X under the Securities Exchange Act of 1934.

"Subject Obligations" is defined in the Intercreditor Agreement.

"Subsidiary" of any Person shall mean any other Person (whether now existing or hereafter organized or acquired) in which (other than directors' qualifying shares required by law) at least a majority of the Capital Stock of each class having ordinary voting power or analogous rights (other than Capital Stock which have such power or right only by reason of the happening of a contingency), at the time as of which any determination is being made, are owned, beneficially and of record, by such Person or by one or more of the other Subsidiaries of such Person or by any combination thereof. Unless otherwise specified, reference to "Subsidiary" shall mean a Subsidiary of the Company.

"Swingline Facility" shall have the meaning specified in Section 2.1(c).

"Swingline Loan" shall mean any loan evidenced by a Swingline Note and made by the Agent to the Company pursuant to Section 2.1(c).

"Swingline Note" shall mean any promissory note of the Company evidencing the Swingline Loans in substantially the form of Exhibit D hereto, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor.

"Syndicated Advance" shall mean any Syndicated Loan or any Letter of Credit Advance.

"Syndicated Eurodollar Rate" shall mean, with respect to any Eurodollar Rate Syndicated Loan for any Eurodollar Rate Interest Period or portion thereof, the per annum rate that is equal to the sum of (a) the Applicable Margin, plus (b) the Eurodollar Base Rate; which Syndicated Eurodollar Rate shall change simultaneously with any change in such Applicable Margin.

"Syndicated Loan" shall mean any borrowing under Section 2.6 evidenced by the Revolving Credit Notes and made pursuant to Section 2.1.

"Syndication Agent" is defined in the first paragraph of this Agreement.

"Termination Date" shall mean the earlier to occur of (a) the date three years after the date hereof and (b) the date on which the Commitments shall be terminated pursuant to Section 2.4 or 6.2.

"Total Adjusted Capitalization" shall mean, as of any date, the sum of Net Worth and Total Seasonally Adjusted Debt as of such date.

"Total Debt" as of any date, shall mean, without duplication, all of the following for the Company and its Subsidiaries on a consolidated basis: (a) all Indebtedness for borrowed money and similar monetary obligations evidenced by bonds, notes, debentures, acceptances, Capital Lease obligations or otherwise, (b) all liabilities secured by any Lien existing on property owned or acquired by the Company or any Subsidiary subject thereto, whether or not the liability secured thereby shall have been assumed; (c) all reimbursement obligations under outstanding letters of credit (to the extent an underlying obligation is not accrued or included in Indebtedness), bankers' acceptances or similar instruments in respect of drafts which (i) may be presented or (ii) have been presented and have not yet been paid and are not included in clause (a) above; (d) Net Mark-to-Market Exposure; and (e) all guarantees (other than guarantees issued by the Borrowers in favor of Subsidiaries to support routine trade accounts payable and operating lease obligations and excluding guaranties by Subsidiaries of the Company of the Senior Note Debt) and other Contingent Liabilities relating to indebtedness, obligations or liabilities of the type described in the foregoing clauses (a), (b), (c) and (d).

"Total Interest Expense" shall mean, for any period, total interest and related expense (including, without limitation, that portion of any Capital Lease obligation attributable to interest expense in conformity with Generally Accepted Accounting Principles, amortization of debt discount, all capitalized interest, the interest portion of any deferred payment obligations, all commissions, discounts and other fees and charges owed with respect to letter of credit and bankers acceptance financing, the net costs and net payments under any interest rate hedging, cap or similar agreement or arrangement, prepayment charges, agency fees, administrative fees, commitment fees and capitalized transaction costs allocated to interest expense) paid, payable or accrued during such period, without duplication for any other period, with respect to all outstanding Indebtedness of the Company and its Subsidiaries, all as determined for the Company and its Subsidiaries on a consolidated basis for such period in accordance with Generally Accepted Accounting Principles.

"Total Seasonally Adjusted Debt" shall mean, as of the end of any fiscal quarter of the Company, the following appropriate amount for such fiscal quarter end: (a) for any fiscal quarter ending in March or June, 85% of Total Debt as of the end of such fiscal quarter, and (b) for any fiscal quarter ending in September or December, 115% of Total Debt as of the end of such fiscal quarter.

"Transferee" shall have the meaning specified in Section 8.6(i).

"Unfunded Benefit Liabilities" shall mean, with respect to any Plan as of any date, the amount of the unfunded benefit liabilities determined in accordance with Section 4001(a)(18) of ERISA.

"U.S. Commitment" shall mean, as to any U.S. Lender at any time, its obligation to make Syndicated Loans to the Company under Section 2.1(a), and risk participate in Swingline Loans and Letters of Credit, in an aggregate U.S. Dollar Amount not to exceed at any time outstanding the U.S. Dollar amount set forth opposite such Lender's name on the signature pages hereof under the heading "U.S. Commitment" or as otherwise established pursuant to Section 8.6, as such amount may be modified from time to time pursuant to the applicable provisions hereof.

"U.S. Dollar Equivalent" shall mean, with respect to any currency, at any date, the equivalent thereof in Dollars, calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for such other currency at 11:00 a.m., London time, on the date on or as of which such amount is to be determined.

"U.S. Dollars" and "$" shall mean the lawful money of the United States of America.

"U.S. Lender" shall mean any Lender which has a U.S. Commitment.

"U.S. Syndicated Loans" shall mean Syndicated Loans made to the Company under Section 2.1(a).

1.2 Other Definitions; Rules of Construction. As used herein, the terms "Lenders", "Company", and "this Agreement" shall have the respective meanings ascribed thereto in the introductory paragraph of this Agreement. Such terms, together with the other terms defined in Section 1.1, shall include both the singular and the plural forms thereof and shall be construed accordingly. Use of the terms "herein", "hereof", and "hereunder" shall be deemed references to this Agreement in its entirety and not to the Section or clause in which such term appears. References to "Sections" and "subsections" shall be to Sections and subsections, respectively, of this Agreement unless otherwise specifically provided.

1.3 Accounting Terms and Determinations.

(a) Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lenders hereunder shall (unless otherwise disclosed to the Lenders in writing at the time of delivery thereof in the manner described in subsection (b) below) be prepared, in accordance with Generally Accepted Accounting Principles (subject, in the case of financial statements which are not fiscal year end statements, to the absence of footnotes and year-end audit adjustments); provided that, if the Company notifies the Agent that it wishes to amend any covenant in Article V to eliminate the effect of any change in Generally Accepted Accounting Principles (or if the Agent notifies the Company that the Required Lenders wish to amend Article V for such purpose), then such Borrower's compliance with such covenants shall be determined on the basis of Generally Accepted Accounting Principles in effect immediately before the relevant change in Generally Accepted Accounting Principles became effective until either such notice is withdrawn or such covenant or any such defined term is amended in a manner satisfactory to such Borrower and the Required Lenders. Except as otherwise expressly provided herein, all references to a time of day shall be references to Detroit, Michigan time. Notwithstanding anything herein, in any financial statements of the Company or in Generally Accepted Accounting Principles to the contrary, for purposes of calculating and determining compliance with the financial covenants in Sections 5.2(a), (b) and (c), including defined terms used therein, any Acquisitions made by the Company or any of its Subsidiaries including through mergers or consolidations and including any related financing transactions, during the period for which such financial covenants were calculated shall be deemed to have occurred on the first day of the relevant period for which such financial covenants were calculated on a pro forma basis acceptable to the Agent.

(b) The Company shall deliver to the Lenders at the same time as the delivery of any annual or quarterly financial statement under Section 5.1(d) hereof (i) a description in reasonable detail of any material variation between the application or other modification of accounting principles employed in the preparation of such statement and the application or other modification of accounting principles employed in the preparation of the immediately prior annual or quarterly financial statements as to which no objection has been made in accordance with the last sentence of subsection (a) above and (ii) reasonable estimates of the difference between such statements arising as a consequence thereof.

(c) To enable the ready and consistent determination of compliance with the covenants set forth in Section 5.2 hereof, the Company will not change the last day of its fiscal year from the last Saturday of December of each year, or the last days of the first three fiscal quarters in each of its fiscal years from the last Saturday in March, June and September of each year, respectively.

ARTICLE II.
THE COMMITMENTS, THE SWINGLINE FACILITY AND THE ADVANCES

2.1 Commitments of the Lenders and the Swingline Facility.

(a) U.S. Syndicated Advances. Each U.S. Lender agrees, for itself only, subject to the terms and conditions of this Agreement, to make U.S. Syndicated Loans to the Company pursuant to Section 2.6 and Section 3.3 and to participate in Letter of Credit Advances to the Company pursuant to Section 2.6 and Swingline Loans from time to time from and including the Effective Date to but excluding the Termination Date not to exceed in aggregate principal amount at any time outstanding the amount determined pursuant to Section 2.1(d).

(b) Canadian Syndicated Loans. Each Canadian Lender agrees, for itself only, subject to the terms and conditions of this Agreement, to make Canadian Syndicated Loans to the Canadian Borrower pursuant to Section 2.6 from time to time from and including the Effective Date to but excluding the Termination Date not to exceed in aggregate principal amount at any time outstanding the amount determined pursuant to Section 2.1(d).

(c) Swingline Loans. (i) The Company may request the Agent to make, and the Agent may, in its sole discretion, make Swingline Loans to the Company from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate principal amount not to exceed at any time the lesser of (A) $20,000,000 (the "Swingline Facility") and (B) the aggregate amount of U.S. Syndicated Advances that could be but are not borrowed as of such date; provided, that the Agent shall not make a Swingline Loan after it has received written notice from a Lender or the Company referring to this Agreement and describing a Default or Event of Default and stating that such notice is a "notice of default" and such Default or Event of Default shall be continuing. Each U.S. Lender's U.S. Commitment shall be deemed utilized by an amount equal to such Lender's Pro Rata Share of each Swingline Loan for purposes of determining the amount of U.S. Syndicated Advances required to be made by such Lender. Swingline Loans shall bear interest at a rate agreed to by the Agent and the Company, provided that Swingline Loans shall bear interest at the rate applicable to Floating Rate Loans at any time the Swingline Loans are refunded by Floating Rate Loans or the U.S. Lenders are required to purchase participations therein under Section 2.1(c)(iii). Within the limits of the Swingline Facility, so long as the Agent, in its sole discretion, elects to make Swingline Loans, the Company may borrow and reborrow under this Section 2.1(c)(i).

(ii) The Agent may at any time in its sole and absolute discretion require that any Swingline Loan be refunded by a Floating Rate Borrowing from the U.S. Lenders, and upon written notice thereof by the Agent to such Lenders and the Company, the Company shall be deemed to have requested a Floating Rate Borrowing in an amount equal to the amount of such Swingline Loan, and such Floating Rate Borrowing shall be made to refund such Swing Line Loan. Each such Lender shall be absolutely and unconditionally obligated to fund its Pro Rata Share of such Floating Rate Borrowing or, if applicable, purchase a participating interest in the Swingline Loans pursuant to Section 2.1(c)(iii) and such obligation shall not be affected by any circumstance, including, without limitation, (A) any set-off, counterclaim, recoupment, defense or other right which such Lender has or may have against the Agent, or the Borrowers or any of their Subsidiaries or anyone else for any reason whatsoever; (B) the occurrence or continuance of a Default or an Event of Default, subject to Section 2.1(c)(iii); (C)

any Material Adverse Effect; (D) any breach of any Loan Document by any other Lender, the Borrowers, or any Guarantor; or (E) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing (including without limitation the Borrowers' failure to satisfy any conditions contained in Article II or any other provision of this Agreement).

(iii) If Floating Rate Loans may not be made by the U.S. Lenders as described in Section 2.1(c)(ii) due to any Event of Default pursuant to Section 6.1(i) or if the U.S. Lenders are otherwise legally prohibited from making Floating Rate Loans, then effective on the date each such Floating Rate Loan would otherwise have been made, each U.S. Lender severally agrees that it shall unconditionally and irrevocably, without regard to the occurrence of any Default or Event of Default or any other circumstances, in lieu of deemed disbursement of Loans, to the extent of such Lender's Commitment, purchase a participating interest in the Swingline Loans by paying its participation percentage thereof. Each such Lender will immediately transfer to the Agent, in Same Day Funds, the amount of its participation. After such payment to the Agent, each Lender shall share based on its Pro Rata Share in any interest which accrues thereon and in all repayments thereof. If and to the extent that any such Lender shall not have so made the amount of such participating interest available to the Agent, such Lender and the Company severally agree to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Agent until the date such amount is paid to the Agent, at (A) in the case of the Company, the interest rate specified above and (B) in the case of such Lender, the Federal Funds Rate for the first five days after the date of demand by the Agent and thereafter at the interest rate specified above.

(d) Limitation on Amount of Advances. Notwithstanding anything in this Agreement to the contrary, (i) the U.S. Dollar Equivalent of the aggregate principal amount of the U.S. Syndicated Loans, the Swingline Loans and the Letters of Credit at any time outstanding to the Company shall not exceed the aggregate U.S. Commitments of all Lenders as of the date any such Advance is made, provided, however, that the U.S. Dollar Equivalent of the aggregate Letters of Credit outstanding at any time shall not exceed $30,000,000 and the U.S. Dollar Equivalent of the aggregate of Swingline Loans at any time outstanding shall not exceed $20,000,000, (ii) the U.S. Dollar Equivalent of the Pro Rata Share of the aggregate U.S. Syndicated Loans, the Swingline Loans and the Letters of Credit of any U.S. Lender shall not exceed the U.S. Commitment of such U.S. Lender, (iii) the U.S. Dollar Equivalent of the aggregate Canadian Syndicated Loans of any Canadian Lender shall not exceed the Canadian Commitment of such Canadian Lender, (iv) the U.S. Dollar Equivalent of the aggregate Canadian Syndicated Loans of all Canadian Lenders will not exceed the amount of the aggregate Canadian Commitments that the Canadian Borrower has designated to the Agent as activated (the "Activated Aggregate Canadian Commitments"), and the Canadian Borrower can activate or de-activate the Canadian Commitments at any time provided that any such activation or de-activation shall be in increments of $5,000,000 and shall not exceed $15,000,000 in aggregate amount, shall be effective ten Business Days after notification by the Canadian Borrower to the Agent and shall not reduce the Activated Aggregate Canadian Commitments below the U.S. Dollar Equivalent of the aggregate Canadian Syndicated Loans of all Canadian Lenders, and (v) the aggregate principal amount of the U.S. Syndicated Loans, the Swingline Loans and the Letters of Credit will not exceed the difference of the aggregate U.S. Commitments minus the amount of the Activated Aggregate Canadian Commitments.

(e) Multicurrency Participation. Each U.S. Lender shall be deemed to have unconditionally and irrevocably purchased from each Lender in its capacity as a Canadian Lender, without recourse or warranty, an undivided interest in and participation in each Canadian Syndicated Loan ratably in accordance with such Lender's Pro Rata Share and each Lender in its capacity as a Canadian Lender shall be deemed to have unconditionally and irrevocably purchased from each U.S.

Lender, without recourse or warranty, an undivided interest in and participation in each U.S. Syndicated Loan ratably in accordance with such Lender's Pro Rata Share, provided that payments for all such participations shall not be made until required by the terms of the following sentence of this Section 2.1(e). Upon the occurrence of an Event of Default under Sections 6.1(a) or (i), (i) all Canadian Syndicated Loans shall be converted to and re-denominated in U.S. Dollars equal to the U.S. Dollar Equivalent of each such Canadian Syndicated Loan determined as of the date of such conversion, (ii) each of the U.S. Lenders shall pay to the applicable Canadian Lenders not later than two (2) Business Days following a request for payment from such Lender, in U.S. Dollars, an amount equal to the undivided interest in and participation in the Canadian Syndicated Loan purchased by such U.S. Lender pursuant to this Section 2.1(e), and (iii) each of the Canadian Lenders shall pay to the applicable U.S. Lenders not later than two (2) Business Days following a request for payment from such Lender, in U.S. Dollars, an amount equal to the undivided interest in and participation in the U.S. Syndicated Loan purchased by such Canadian Lenders pursuant to this Section 2.1(e), it being the intent of the Lenders that following such equalization payments, each Lender shall hold its Pro Rata Share of the aggregate Syndicated Loans, Letters of Credit and Swingline Loans.

2.2 Bid-Option Loans.

(a) The Bid-Option. From the Effective Date to but excluding the Termination Date, the Company may, as set forth in this Section 2.2, request the Lenders to make offers to make Bid-Option Loans to the Company. Notwithstanding anything herein to the contrary, no more than five requests for Bid-Option Loans in the aggregate may be requested by the Company in any month. Each Lender may, but shall have no obligation to, make such offers and the Company may, but shall have no obligation to, accept any such offers, in the manner set forth in this Section 2.2; furthermore, each Lender may limit the aggregate amount of Bid-Option Loans when quoting rates for more than one Bid-Option Interest Period in any Bid-Option Quote, provided that such limitation shall not be less than the minimum amounts required hereunder for Bid-Option Loans and the Company may choose among the Bid-Option Loans if such limitation is imposed; provided, that the aggregate outstanding principal amount of Bid-Option Loans shall not at any time exceed the lesser of (i) excess of (A) the aggregate amount of the U.S. Commitments over (B) the sum of the aggregate outstanding principal amount of Syndicated Advances and Swingline Loans or (ii) $75,000,000;

(b) Bid-Option Quote Request. When the Company wishes to request offers to make Bid-Option Loans under this Section 2.2, it shall transmit to the Agent by telex or telecopy a Bid-Option Quote Request substantially in the form of Exhibit E hereto so as to be received no later than 11:00 a.m. Detroit time (i) on the Business Day next preceding the date of the Loan proposed therein, in the case of a Bid-Option Auction for Absolute Rate Bid-Option Loans, or (ii) the fourth Business Day next preceding the date of the Loan proposed therein, in the case of a Bid-Option Auction for Eurodollar Rate Bid-Option Loans specifying:

(A) the proposed date of the Bid-Option Loan, which shall be a Business Day;

(B) the aggregate amount of such Bid-Option Loan, which shall be a minimum of $3,000,000 or a larger multiple of $1,000,000;

(C) whether the Borrowing is to be an Absolute Rate Bid-Option Borrowing or a Eurodollar Rate Bid-Option Borrowing; and

(D) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period.

The Company may request offers to make Bid-Option Loans for more than one Bid-Option Interest Period in a single Bid-Option Quote Request.

(c) Invitation for Bid-Option Quotes. Promptly upon receipt of a Bid-Option Quote Request, the Agent shall send to the Lenders by telecopy (or telephone promptly confirmed by telecopy) an Invitation for Bid-Option Quotes substantially in the form of Exhibit F hereto, which shall constitute an invitation by the Company to each such Lender to submit Bid-Option Quotes offering to make the Bid-Option Loans to which such Bid-Option Quote Request relates in accordance with this Section 2.2.

(d) Submission and Contents of Bid-Option Quotes. (i) Each Lender may submit a Bid-Option Quote containing an offer or offers to make Bid-Option Loans in response to any Invitation for Bid-Option Quotes. Each Bid-Option Quote must comply with the requirements of this subsection (d) and must be submitted to the Agent by telecopy (or by telephone promptly confirmed by telecopy) at its office referred to in Section 8.2 not later than (A) 9:00 a.m. Detroit time on the proposed date of the Borrowing, in the case of a Bid-Option Auction for Absolute Rate Bid-Option Loans, or (B) 9:00 a.m. Detroit time on the third Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Eurodollar Rate Bid-Option Loans; provided that Bid-Option Quotes submitted by the Agent (or any Affiliate of the Agent) in the capacity of a Lender may be submitted, and may only be submitted, if the Agent or such Affiliate notifies the Company of the terms of the offer or offers contained therein not later than (A) 8:45 a.m. Detroit time on the proposed date of such Borrowing, in the case of a Bid-Option Auction for Absolute Rate Bid-Option Loans or (B) 8:45 a.m. Detroit time on the third Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Auction for Eurodollar Rate Bid-Option Loans. Subject to Section 3.8 and Article VI, any Bid-Option Quote so made shall be irrevocable except with the written consent of the Agent given on the instructions of the Company.

(ii) Each Bid-Option Quote shall be in substantially the form of Exhibit G hereto, but may be submitted to the Agent by telephone with prompt confirmation by delivery to the Agent of such written Bid-Option Quote, and shall in any case specify:

(A) the proposed date of the Borrowing;

(B) the principal amount of the Bid-Option Loan for which each such offer is being made, which principal amount (x) must be in a minimum of $3,000,000 or a larger multiple of $1,000,000, and (y) may not exceed the principal amount of the Bid-Option Loans for which offers were requested;

(C) whether the Bid-Option Loans for which the offers are made are Absolute Rate Bid-Option Loans or Eurodollar Rate Bid-Option Loans, which must match the type of Borrowing stated in the related Invitation for Bid-Option Quotes;

(D) the Interest Period(s) for which each such Bid-Option Absolute Rate or Bid-Option Eurodollar Rate Margin, as the case may be, is offered;

(E) in the case of a Bid-Option Auction for Absolute Rate Bid-Option Loans, the rate of interest per annum (rounded to the nearest 1/1000 of 1%) (the "Bid-Option Absolute Rate") offered for each such Bid-Option Loan;

(F) in the case of a Bid-Option Auction for Eurodollar Rate Bid-Option Loans, the applicable margin, which may be positive or negative (the "Bid-Option Eurodollar Rate Margin") expressed as a percentage (rounded to the nearest 1/1000 of 1%), offered for each such Bid-Option Loan; and

(G) the identity of the quoting Lender.

(iii) Any Bid-Option Quote shall be disregarded if it:

(A) is not substantially in the form of Exhibit G hereto (or submitted by telephone to the Agent with prompt written confirmation to follow) or does not specify all of the information required by clause (ii) of this subsection (d);

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Bid-Option Quotes; or

(D) arrives after the time set forth in Section 2.2(d)(i);

provided that a Bid-Option Quote shall not be disregarded pursuant to clause (B) or (C) above solely because it contains an indication that an allocation that might otherwise be made to it pursuant to Section 2.2(g) would be unacceptable. The Agent shall notify the Company of any disregarded Bid-Option Quote.

(e) Notice to Company. The Agent shall promptly notify the Company of the terms of any Bid-Option Quote submitted by a Lender that is in accordance with Section 2.2(d). Any Bid-Option Quote not made in accordance with Section 2.2(d) shall be disregarded by the Agent. The Agent's notice to the Company shall specify (i) the aggregate principal amount of Bid-Option Loans for which offers have been received for each Bid-Option Interest Period specified in the related Bid-Option Quote Request, and (ii) the respective principal amounts and respective Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be, so offered.

(f) Acceptance and Notice by Company. Not later than 11:00 a.m. Detroit time on (i) the proposed date of a Borrowing, in the case of a Bid-Option Auction for Absolute Rate Bid-Option Loans or (ii) the third Business Day prior to the proposed date of the Borrowing, in the case of a Bid-Option Borrowing for Eurodollar Rate Bid-Option Loans, the Company shall notify the Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e) of this Section and the Agent shall, promptly upon receiving such notice from the Company, notify each Lender whose Bid-Option Quote has been accepted. In the case of acceptance, such notice (a "Notice of Bid-Option Loan") shall specify the aggregate principal amount of offers for the applicable Interest Period(s) that have been accepted. The Company may accept any Bid-Option Quote in whole or in part; provided that:

(i) the aggregate principal amount of each Bid-Option Loan may not exceed the applicable amount set forth in the related Bid-Option Quote Request for the applicable Bid-Option Interest Period;

(ii) the principal amount of each Bid-Option Loan must be $3,000,000 or a larger multiple of $1,000,000;

(iii) acceptance of offers may only be made on the basis of ascending Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be; and

(iv) the Company may not accept any offer that is described in Section 2.2(d)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(g) Allocation by Agent. If offers are made by two or more Lenders with the same Bid-Option Absolute Rates or Bid-Option Eurodollar Rate Margins, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are accepted for the related Interest Period, the principal amount of Bid-Option Loans in respect of which such offers are accepted shall be allocated by the Agent among such Lenders as nearly as possible (in such multiples, not greater than $100,000, as the Agent may deem appropriate) in proportion to the aggregate principal amount of such offers. Determinations by the Agent of the amounts of Bid-Option Loans shall be conclusive in the absence of manifest error.

2.3 Effect on Commitments. Notwithstanding anything in this Agreement to the contrary, the sum of the aggregate principal amount of all Syndicated Loans, all Letter of Credit Advances (being the maximum amount available to be drawn under the related Letters of Credit plus the amount of any draws under Letters of Credit that have not been reimbursed), all Swingline Loans and all Bid-Option Loans shall not at any time exceed the aggregate amount of the U.S. Commitments of all Lenders. Each Lender's obligation to make its Pro Rata Share of any subsequently requested Syndicated Loan or Letter of Credit Advance shall not be affected by the making by such Lender of a Bid-Option Loan, and the Lender which has outstanding Bid-Option Loans may be obligated to exceed its Commitment, provided that, as stated above, the aggregate principal amount of all Syndicated Loans, all Letters of Credit Advances, all Swingline Loans and all Bid-Option Loans shall not at any time exceed the aggregate amount of the U.S. Commitments of all Lenders.

2.4 Termination, Reduction and Increase of Commitments. (a) The Company shall have the right to terminate or reduce the U.S. Commitments at any time and from time to time at its option and the Canadian Borrower shall have the right to terminate or reduce the Canadian Commitments at any time and from time to time at its option, provided that (i) the relevant Borrower shall give three days' prior written notice of such termination or reduction to the Agent specifying the amount and effective date thereof, (ii) each partial reduction of the U.S. Commitments shall be in a minimum amount of $10,000,000 and in an integral multiple of $1,000,000 thereafter and shall reduce the U.S. Commitments of all of the U.S. Lenders proportionately in accordance with their respective U.S. Commitment, (iii) each partial reduction of the Canadian Commitments shall be in a minimum amount of $5,000,000 and in an integral multiple of $1,000,000 thereafter and shall reduce the Canadian Commitments of all of the Canadian Lenders proportionately in accordance with their respective Canadian Commitment, (iv) no such termination or reduction shall be permitted with respect to any portion of the Commitments as to which a request for a Borrowing pursuant to Section 2.6 is then pending, (v) the U.S. Commitments may not be terminated if any U.S. Syndicated Advances are then outstanding and may not be reduced below the principal amount of U.S.

Syndicated Advances then outstanding and (vi) the Canadian Commitments may not be terminated if any Canadian Syndicated Loans are then outstanding and may not be reduced below the principal amount of Canadian Syndicated Loans then outstanding.

The Commitments or any portion thereof terminated or reduced pursuant to this Section 2.4(a), whether optional or mandatory, may not be reinstated. The Company shall immediately prepay the U.S. Syndicated Advances to the extent they exceed the reduced aggregate U.S. Commitments pursuant hereto and the Canadian Borrower shall immediately prepay the Canadian Syndicated Loans to the extent they exceed the reduced aggregate Canadian Commitments pursuant hereto, and any reduction hereunder shall reduce the applicable Commitment amount of each Lender proportionately in accordance with the respective applicable Commitment amounts for each such Lender set forth on the signature pages hereof next to the name of each such Lender.

(b) For purposes of this Agreement, a Letter of Credit Advance (i) shall be deemed outstanding in an amount equal to the sum of the maximum amount available to be drawn under the related Letter of Credit on or after the date of determination and on or before the stated expiry date thereof plus the amount of any draws under such Letter of Credit that have not been reimbursed as provided in Section 3.3 and (ii) shall be deemed outstanding at all times on and before such stated expiry date or such earlier date on which all amounts available to be drawn under such Letter of Credit have been fully drawn, and thereafter until all related reimbursement obligations have been paid pursuant to Section 3.3. As provided in Section 3.3, upon each payment made by the Agent in respect of any draft or other demand for payment under any Letter of Credit, the amount of any Letter of Credit Advance outstanding immediately prior to such payment shall be automatically reduced by the amount of each Syndicated Loan deemed advanced in respect of the related reimbursement obligation of the Company.

(c) With the prior consent of the Agent, the Company may request to increase the Commitment in increments of $25,000,000, provided that the Aggregate Commitment shall not exceed $250,000,000. Any such request to increase the Commitments shall be deemed to be a certification by the Borrowers that at the time of such request, there exists no Default or Event of Default and the representations and warranties contained in Article IV are true and correct as of such date or, if applicable only to a prior date, as of such prior date. Any request from the Company to increase the Commitments shall be implemented by one or more existing Lenders agreeing to increase their Commitments (provided that no Lender shall have any obligation to increase its Commitment) or by one or more new lenders agreeing to become a Lender hereunder or by any combination of the foregoing, as determined by the Agent and the Arranger in consultation with the Company. Prior to any such increase in the Commitments becoming effective, the Agent shall have received:

(a) copies, certified by the secretary of the Company of their Board of Directors' resolutions and of resolutions or actions of any other body authorizing the increase in the Commitments and the confirmation and ratification of the Loan Documents;

(b) a certificate, signed by the chief financial officer of the Company, showing that after giving effect to the increase in the Commitments, no Default or Event of Default shall occur and the Borrowers shall be in compliance with all covenants in this Agreement;

(c) copies of all governmental and nongovernmental consents, approvals, authorizations, declarations, registrations or filings required on the part of the Borrowers in connection with the increase in the Commitments, certified as true and correct in full

force and effect as of the date of the increase by a duly authorized officer of each Borrower, or if none are required, a certificate of such officer to that effect;

(d) a confirmation and ratification of all Loan Documents signed by the Borrowers and the Guarantors and in form and substance satisfactory to the Agent;

(e) evidence satisfactory to the Agent that no Material Adverse Effect shall have occurred with respect to the Company and its Subsidiaries since the most recent financial statements provided to the Lenders hereunder; and

(f) such other documents and conditions as the Agent or its counsel may have reasonably requested.

2.5 Fees. (a) The Company agrees to pay to the U.S. Lenders a facility fee on the amount of the U.S. Commitments, whether used or unused, for the period from the Effective Date to but excluding the Termination Date, at a rate equal to the Applicable Margin per annum. Accrued facility fees shall be payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing on the first such Business Day occurring after the date of this Agreement, and on the Termination Date.

(b) The Company agrees (i) to pay to the U.S. Lenders a fee at a rate equal to the Applicable Margin per annum, on the maximum amount available to be drawn from time to time under each Letter of Credit for the period from and including the date of issuance of such Letter of Credit (or from and including the Effective Date in the case of Existing Letters of Credit) to and including the termination of such Letter of Credit, which fees shall be payable quarterly in arrears on the last Business Day of each March, June, September and December and on the Termination Date, based upon the Applicable Margin at the time each such quarterly installment is paid, and (ii) to pay an additional fee to the Agent for its own account computed at the rate of 0.125% per annum of such maximum amount for such period, which fees shall be payable quarterly in arrears on the last Business Day of each March, June, September and December and on the Termination Date. The Company further agrees to pay to the Agent, on demand, such other customary administrative fees, charges and expenses of the Agent in respect of the issuance, negotiation, acceptance, amendment, transfer and payment of such Letter of Credit or otherwise payable pursuant to the application and related documentation under which such Letter of Credit is issued.

(c) The Borrowers agree to pay to the Agent and the Arranger such fees for their services as Agent and Arranger under this Agreement in such amounts as may from time to time be agreed upon by the Borrowers, the Agent, and the Arranger.

2.6 Disbursement of Syndicated Advances. (a) A Borrower shall give the Agent notice of its request for each Syndicated Advance in substantially the form of Exhibit H hereto not later than 10:00 a.m. Detroit time (i) three Business Days prior to the date such Advance is requested to be made if such Borrowing is to be made as a Eurodollar Rate Syndicated Loan, (ii) three Business Days prior to the day such Advance is requested to be made if such Borrowing is to be made as a BA Rate Syndicated Loan, (iii) two Business Days prior to the date any Letter of Credit Advance is requested to be made and (iv) on the date such Syndicated Loan is requested to be made in all other cases, which notice shall specify whether a Eurodollar Rate Syndicated Loan, Floating Rate Loan, BA Rate Syndicated Loan, or a Letter of Credit Advance is requested and, in the case of each requested Eurodollar Rate Syndicated Loan or BA Rate Syndicated Loan, the Interest Period to be initially applicable to such Loan. The Company shall give the Agent notice of its request for each Swingline Loan in such form requested by the Agent not later than 11:00 a.m. Detroit time on

the same Business Day such Swingline Loan is requested to be made. The Agent, on the same day any such notice is given, shall provide notice of each such requested U.S. Syndicated Loan to each U.S. Lender and of each such Canadian Syndicated Loan to each Canadian Lender. Subject to the terms and conditions of this Agreement, the proceeds of each such requested Syndicated Loan and Swingline Loan shall be made available to each Borrower by depositing the proceeds thereof, in Same Day Funds, in an account maintained and designated by such Borrower at the applicable Agent Payment Office. Subject to the terms and conditions of this Agreement, the Agent shall, on the date any Letter of Credit Advance is requested to be made, issue the related Letter of Credit on behalf of the Lenders for the account of the Company; provided, that the Agent shall not issue, and shall not be required to issue, any Letter of Credit Advance after it has received written notice from a Lender or the Company referring to this Agreement and describing a Default or Event of Default and stating that such notice is a "notice of default" and such Default or Event of Default shall be continuing. Notwithstanding anything herein to the contrary, the Agent may decline to issue any requested Letter of Credit on the basis that the beneficiary, the purpose of issuance or the terms or the conditions of drawing are unacceptable to it based upon any legal, policy or ethical concerns in its reasonable discretion. Each U.S. Syndicated Loan shall be made in U.S. Dollars from the U.S. Lenders in accordance with their Pro Rata Share and shall be Eurodollar Rate Syndicated Loans or Floating Rate Loans. Each Canadian Syndicated Loan shall be made in Canadian Dollars from the Canadian Lenders in accordance with their Pro Rata Share and shall be BA Rate Syndicated Loans or Floating Rate Loans.

(b) Subject to Section 2.6(g), each U.S. Lender, on the date any U.S. Syndicated Loan is requested to be made, shall make its Pro Rata Share of such U.S. Syndicated Loan available in Same Day Funds for disbursement to the Company pursuant to the terms and conditions of this Agreement at the applicable Agent Payment Office. Unless the Agent shall have received notice from any Lender prior to the date such U.S. Syndicated Loan is requested to be made under this Section 2.6 that such Lender will not make available to the Agent such U.S. Lender's Pro Rata Share of such Loan, the Agent may assume that such Lender has made such portion available to the Agent on the date such Loan is requested to be made in accordance with this Section 2.6. If and to the extent such U.S. Lender shall not have so made such Pro Rata Share available to the Agent, the Agent may (but shall not be obligated to) make such amount available to the Company, and such U.S. Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount is made available to the Company by the Agent until the date such amount is repaid to the Agent, at a rate per annum equal to the Federal Funds Rate then in effect for the first three Business Days and at the Floating Rate thereafter. If such U.S. Lender shall pay such amount to the Agent together with interest, such amount so paid shall constitute a U.S. Syndicated Loan by such Lender as part of the related Borrowing for purposes of this Agreement. The failure of any Lender to make its Pro Rata Share of any such Borrowing available to the Agent shall not relieve any other Lender of its obligation to make available its Pro Rata Share of such Loan on the date such Loan is requested to be made, but no Lender shall be responsible for failure of any other Lender to make such Pro Rata Share available to the Agent on the date of any such Loan.

(c) Each Canadian Lender, on the date any Canadian Syndicated Loan is requested to be made, shall make such Canadian Syndicated Loan available in Same Day Funds for disbursement to the Canadian Borrower pursuant to the terms and conditions of this Agreement at the applicable Agent Payment Office. Unless the Agent shall have received notice from a Canadian Lender prior to the date such Canadian Syndicated Loan is requested to be made under this Section 2.6 that such Canadian Lender will not make available to the Agent such Canadian Syndicated Loan, the Agent may assume that such Canadian Lender has made such Canadian Syndicated Loan to the Agent on the date such Loan is requested to be made in accordance with this Section 2.6. If and to the extent a Canadian Lender shall not have so made such Canadian Syndicated Loan available to the Agent, the Agent may (but shall not be obligated to) make such Loan available to the Canadian Borrower, and such Canadian Lender agrees to pay to the Agent

forthwith on demand such amount together with interest thereon, for each day from the date such amount is made available to the Canadian Borrower by the Agent until the date such amount is repaid to the Agent, at a rate per annum equal to the cost of funds rate determined by the Agent for the first three Business Days and thereafter at the Floating Rate. If a Canadian Lender shall pay such amount to the Agent together with interest, such amount so paid shall constitute a Canadian Syndicated Loan by such Canadian Lender as part of the related Borrowing for purposes of this Agreement.

(d) All Syndicated Loans shall be evidenced by the Revolving Credit Notes and all Swingline Loans shall be evidenced by the Swingline Note, and all such Loans shall be due and payable and bear interest as provided in Article III. Each Lender is hereby authorized by the Borrowers to record on the schedule attached to the Notes, or in its books and records, the date, amount and type of each Loan and the duration of the related Interest Period (if applicable), the amount of each payment or prepayment of principal thereon, and the other information provided for on such schedule, which schedule or books and records, as the case may be, shall constitute prima facie evidence of the information so recorded, provided, however, that failure of any Lender to record, or any error in recording, any such information shall not relieve a Borrower of its obligation to repay the outstanding principal amount of the Loans, all accrued interest thereon and other amounts payable with respect thereto in accordance with the terms of the Notes and this Agreement. Subject to the terms and conditions of this Agreement, the Company may borrow U.S. Syndicated Loans and Swingline Loans under this Section 2.6 and under Section 3.3, prepay Syndicated Loans and Swingline Loans pursuant to Section 3.1 and reborrow Syndicated Loans and Swingline Loans under this Section 2.6 and under Section 3.3. Subject to the terms and conditions of this Agreement, the Canadian Borrower may borrow Canadian Syndicated Loans under this Section 2.6, prepay Canadian Syndicated Loans pursuant to Section 3.1 and reborrow Canadian Syndicated Loans under this Section 2.6.

(e) All Bid-Option Loans shall be in U.S. Dollars and shall be disbursed directly by the Lender making such Bid-Option Loan to the Company by 1:30 p.m. Detroit time on the date such Bid-Option Loan is requested to be made via wire transfer in Same Day Funds to Bank One, NA, 611 Woodward Avenue, Detroit, Michigan 48226, ABA Number 072000326, Reference: Universal Forest Products, Inc. confirm to Agency Administration, or as otherwise directed by the Company.

(f) Nothing in this Agreement shall be construed to require or authorize any Lender to issue any Letter of Credit, it being recognized that the Agent has the sole obligation under this Agreement to issue Letters of Credit on behalf of the Lenders, and the Commitment of each Lender with respect to Letter of Credit Advances is expressly conditioned upon the Agent's performance of such obligations. Upon such issuance by the Agent (or on the Effective Date in the case of the Existing Letters of Credit), each Lender shall automatically acquire a risk participation interest in such Letter of Credit Advance based on its Pro Rata Share. If the Agent shall honor a draft or other demand for payment presented or made under any Letter of Credit, the Agent shall provide notice thereof to each Lender on the date such draft or demand is honored unless the Company shall have satisfied its reimbursement obligation under Section 3.3 by payment to the Agent on such date. Each Lender, on such date, shall make its Pro Rata Share of the amount paid by the Agent available in Same Day Funds at the applicable Agent Payment Office for the account of the Agent. If and to the extent such Lender shall not have made such Pro Rata Share available to the Agent, such Lender and the Company severally agree to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount was paid by the Agent until such amount is so made available to the Agent at a per annum rate equal to the Federal Funds Rate. If such Lender shall pay such amount to the Agent together with such interest, such amount so paid shall constitute a Syndicated Loan by such Lender as part of the Advance disbursed in respect of the reimbursement obligation of the Company under Section 3.3 for purposes of this Agreement. The failure of any Lender to make its Pro Rata Share of

any such amount paid by the Agent available to the Agent shall not relieve any other Lender of its obligation to make available its Pro Rata Portion of such amount, but no Lender shall be responsible for failure of any other Lender to make such Pro Rata Portion available to the Agent.

(g) If on any proposed date of an Advance the Canadian Borrower has requested Canadian Syndicated Loans (the "Requested Canadian Syndicated Loans"), (i) the Dollar Equivalent of the aggregate principal amount of the Requested Canadian Syndicated Loans exceeds the Aggregate Available Canadian Commitments on such date (before giving effect to the making and payment of any Loans required to be made pursuant to this clause (g) on such date) and (ii) the Dollar Equivalent of the amount of such excess is less than or equal to the Aggregate Available U.S. Commitments of all Canadian Lenders (before giving effect to the making and payment of any Loans pursuant to this clause (g) on such date), each U.S. Lender shall make a U.S. Syndicated Loan to the Company on such date, and the proceeds of such Loans shall be simultaneously applied to repay outstanding U.S. Syndicated Loans of the Canadian Lenders, in amounts such that, after giving effect to (1) such borrowings and repayments and (2) the borrowing from the Canadian Lenders of the Requested Canadian Syndicated Loans, the Aggregate Syndicated Outstandings of each Lender will equal (as nearly as possible) its Pro Rata Share. To effect such borrowings and repayments, (x) not later than 10:00 a.m., Detroit time, on such date, the proceeds of such U.S. Syndicated Loans shall be made available by each U.S. Lender to the Agent at its applicable Agent Payment Office in Same Day Funds and the Agent shall apply the proceeds of such U.S. Syndicated Loans toward repayment of outstanding U.S. Syndicated Loans of the Canadian Lenders and (y) concurrently with the repayment of such outstanding U.S. Syndicated Loans of such Canadian Lender on such date, (1) such Canadian Lenders shall, in accordance with the applicable provisions hereof, make the Canadian Syndicated Loans in an aggregate amount equal to the amount so requested (but not in any event greater than the amount allowed under Section 2.1(d)) after giving effect to the making and repayment of any Loans on such date and (2) the relevant Borrower shall pay to the Agent for the account of the Lenders whose Loans to such Borrower are paid on such date pursuant to this clause (g) all interest accrued on the amounts repaid to the date of such repayment, together with any amounts otherwise payable in connection with such repayment. If any borrowing of U.S. Syndicated Loans is required pursuant to this clause (g), the Company shall notify the Agent in the manner provided for U.S. Syndicated Loans in Section 2.6(a).

2.7 Conditions for First Disbursement. The obligation of each Lender to make its first Advance hereunder is subject to receipt by each Lender and the Agent of the following documents and completion of the following matters, in form and substance reasonably satisfactory to the Agent:

(a) Charter Documents. Certificates of recent date of the appropriate authority or official of each Obligor's respective state or province of organization listing all charter documents of each Obligor, on file in that office and certifying as to the good standing and corporate existence of such Obligor, together with copies of such charter documents of such Obligor, certified as of a recent date by such authority or official and certified as true and correct as of the Effective Date by a duly authorized officer of such Obligor, respectively;

(b) By-Laws and Corporate Authorizations. Copies of the by-laws of each Obligor together with all authorizing resolutions and evidence of other corporate and other action taken by such Obligor to authorize the execution, delivery and performance by each Obligor of the Loan Documents to which it is a party and the consummation by each Obligor of the transactions contemplated hereby or thereby, certified as true and correct as of the Effective Date by a duly authorized officer of each Obligor, respectively;

(c) Incumbency Certificate. Certificates of incumbency of each Obligor containing, and attesting to the genuineness of, the signatures of those officers authorized to act on behalf of each Obligor in connection with the Loan Documents to which it is a party and the consummation by each Obligor of the transactions contemplated hereby, certified as true and correct as of the Effective Date by a duly authorized officer of each Obligor;

(d) Legal Opinion. The favorable written opinions of U.S. and Canadian counsel for the Obligors in the form of Exhibit I attached hereto;

(e) Consents, Approvals, Etc. Copies of all governmental and nongovernmental consents, approvals, authorizations, declarations, registrations or filings, if any, required on the part of the Obligors in connection with the execution, delivery and performance of the Loan Documents or the transactions contemplated hereby or as a condition to the legality, validity or enforceability of the Loan Documents, certified as true and correct and in full force and effect as of the Effective Date by a duly authorized officer of the Obligors, or, if none are required, a certificate of such officer(s) to that effect;

(f) Covenant Compliance Certificate. A covenant compliance certificate in the form of Exhibit J attached hereto from the chief financial officer or treasurer of the Company;

(g) Solvency Certificate. A solvency certificate in the form of Exhibit K attached hereto from the chief financial officer or treasurer of the Company;

(h) Intercreditor Agreement Acknowledgment. An acknowledgment to the Intercreditor Agreement in the form attached as Exhibit A-1 to the Intercreditor Agreement executed by the Agent for the Lenders, and each Lender hereby authorizes the Agent to sign such acknowledgment on its behalf;

(i) Obligations under Prior Credit Agreement. Simultaneously with disbursement of the first Advance hereunder, payment in full of all principal of all promissory notes issued pursuant to the Prior Credit Agreement and all accrued interest thereon through the Effective Date, together with payment in full of all other indebtedness under the Prior Credit Agreement, including without limitation the payment of all commitment and facility fees accrued through the Effective Date under the Prior Credit Agreement, and on the Effective Date all commitments to lend under the Prior Credit Agreement shall terminate, and all parties hereto acknowledge and agree that this Agreement replaces and refinances the Prior Credit Agreement and is a "Successor Bank Credit Agreement" under the Intercreditor Agreement;

(j) Other Loan Documents. Executed copies of each of the Notes, the Guaranties and Pledge Agreements, executed by each party thereto, together with all original stock certificates, stock powers, legal opinions and other documents required by the Agent in connection therewith;

(k) Due Diligence. Satisfactory results of all due diligence required by the Lenders with respect to actual and potential litigation claims against the Company and its Subsidiaries, including without limitation a review of liability and insurance coverage; and

(l) Miscellaneous. Such other certificates and documents as may be reasonably requested by the Agent.

2.8 Further Conditions for Disbursement. The obligation of each Lender to make any Advance (including its first Advance), or any continuation or conversion under Section 2.9, is further subject to the satisfaction of the following conditions precedent:

(a) The representations and warranties contained in Article IV hereof and in any other Loan Document shall be true and correct in all material respects on and as of the date such Advance is made, continued or converted (both before and after such Advance is made, continued or converted) as if such representations and warranties were made on and as of such date; and

(b) No Event of Default and no Default shall exist or shall have occurred and be continuing on the date such Advance is made, continued or converted (whether before or after such Advance is made, continued or converted);

(c) In the case of any Letter of Credit Advance, at least two Business Days prior to the date such Letter of Credit is to be issued, the Company shall have delivered to the Agent an application for the related Letter of Credit and other related documentation requested by and acceptable to the Agent appropriately completed and duly executed on behalf of the Company.

Each Borrower shall be deemed to have made a representation and warranty to the Lenders at the time of the making of, and the continuation or conversion of, each Advance made to such Borrower to the effects set forth in clauses (a) and (b) of this Section 2.8. For purposes of this Section 2.8, the representations and warranties contained in Section 4.6 hereof shall be deemed made with respect to the most recent financial statements delivered pursuant to Section 5.1(d)(iii).

2.9 Subsequent Elections as to Borrowings. The Company may elect (a) to continue a Eurodollar Rate Syndicated Borrowing of one type, or a portion thereof, as a Eurodollar Rate Syndicated Borrowing of the then existing type, or (b) may elect to convert a Eurodollar Rate Syndicated Borrowing, or a portion thereof, to a Eurodollar Rate Syndicated Borrowing of another type or (c) elect to convert a Floating Rate Borrowing, or a portion thereof, to a Eurodollar Rate Syndicated Borrowing, and the Canadian Borrower may elect (i) to continue a BA Rate Borrowing of one type, or a portion thereof, as a BA Rate Borrowing of the then existing type, or (ii) may elect to convert a BA Rate Borrowing, or a portion thereof, to a BA Rate Borrowing of another type or (iii) elect to convert a Floating Rate Borrowing, or a portion thereof, to a BA Rate Borrowing, in each case by giving notice thereof to the Agent in substantially the form of Exhibit L hereto not later than 10:00 a.m. Detroit time (A) three Business Days prior to the date any such continuation of or conversion to a Eurodollar Rate Syndicated Borrowing is to be effective, (B) three Business Days prior to the date any such continuation of or conversion to a BA Rate Borrowing is to be effective, and (C) the date such continuation or conversion is to be effective in all other cases, provided that an outstanding Eurodollar Rate Syndicated Borrowing and BA Rate Syndicated Loan may only be converted on the last day of the then current Interest Period with respect to such Borrowing unless the Company has paid break funding costs as set forth in Section 3.9, and provided, further, if a continuation of a Borrowing as, or a conversion of a Borrowing to, a Fixed Rate Borrowing is requested, such notice shall also specify the Interest Period to be applicable thereto upon such continuation or conversion. The Agent, on the day any such notice is given, shall provide notice of such election to the Lenders. If a Borrower shall not timely deliver such a notice with respect to any outstanding Fixed Rate Syndicated Borrowing, such Borrower shall be deemed to have elected to convert such Fixed Rate Syndicated Borrowing to a Floating Rate Borrowing on the last day of the then current Interest Period with respect to such Borrowing.

2.10 Limitation of Requests and Elections. Notwithstanding any other provision of this Agreement to the contrary, if, upon receiving a request for a Eurodollar Rate Syndicated Borrowing pursuant to Section 2.6, or a request for a continuation of a Eurodollar Rate Syndicated Borrowing as a Eurodollar Rate Syndicated Borrowing of the then existing type, or a request for conversion of a Eurodollar Rate Syndicated Borrowing of one type to a Eurodollar Rate Syndicated Borrowing of another type, or a request for a conversion of a Floating Rate Borrowing to a Eurodollar Rate Syndicated Borrowing pursuant to Section 2.9, (a) in the case of any Eurodollar Rate Syndicated Borrowing, deposits in U.S. Dollars for periods comparable to the Interest Period elected by the Company are not available to any Lender in the relevant interbank or secondary market and such Lender has provided to the Agent and the Company a certificate prepared in good faith to that effect, or (b) any Lender reasonably determines that the Eurodollar Base Rate will not adequately and fairly reflect the cost to such Lender of making, funding or maintaining the related Eurodollar Rate Syndicated Loan and such Lender has provided to the Agent and the Company a certificate prepared in good faith to that effect, or (c) by reason of national or international financial, political or economic conditions or by reason of any applicable law, treaty, rule or regulation (whether domestic or foreign) now or hereafter in effect, or the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Lender with any directive of such authority (whether or not having the force of law), including without limitation exchange controls, it is impracticable, unlawful or impossible for any Lender (i) to make or fund the relevant Eurodollar Rate Syndicated Borrowing or (ii) to continue such Eurodollar Rate Syndicated Borrowing as a Eurodollar Rate Syndicated Borrowing of the then existing type or (iii) to convert a Loan to such a Eurodollar Rate Syndicated Loan, and such Lender has provided to the Agent and the Company a certificate prepared in good faith to that effect, then, notwithstanding any other provision herein, (A) the Commitment of such Lender to make or continue Eurodollar Rate Syndicated Borrowings or to convert Floating Rate Loans to Eurodollar Rate Syndicated Loans shall forthwith be canceled until such time as such Lender shall no longer be subject to such circumstances preventing it from making or maintaining the affected Loans, and (B) such Lender's Loans then outstanding as Eurodollar Rate Syndicated Loans, if any, shall be converted automatically to Floating Rate Loans on the respective last days of the then current Interest Periods with respect thereto or within such earlier period as may be required by law. If any such conversion of a Eurodollar Rate Syndicated Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Company shall pay to such Lender such amounts, if any, as may be required under Section 3.9.

2.11 Minimum Amounts; Limitation on Number of Borrowings. Except for (a) Borrowings and conversions thereof which exhaust the entire remaining amount of the Commitments, and (b) conversions or payments required pursuant to Section 3.1(c) or Section 3.8, each Syndicated Advance, each continuation or conversion pursuant to Section 2.9 and each prepayment thereof shall be in a minimum amount of $3,000,000 and in integral multiples of $1,000,000 or such lesser amount agreed to by the Agent.

2.12 Notes. The Borrowers agree that, upon the request of the Agent or any Lender, the Borrowers will execute and deliver to such Lender Notes for such Lender, provided that the delivery of such Notes shall not be a condition precedent to the making of any Advances.

2.13 Security and Collateral To secure or guarantee the payment when due of all Lender Obligations, the Borrowers shall execute and deliver, or cause to be executed and delivered, to the Lenders and the Agent Loan Documents granting the following, subject to any Intercreditor Agreement:

(a) Pledges, pursuant to Pledge Agreements, of 65% of the present and future Capital Stock of certain present and future Foreign Subsidiaries and Guaranties of certain present and future Domestic Subsidiaries such that, at all times, the Domestic Subsidiaries which are not Guarantors and the Foreign Subsidiaries that do not have 65% of their Capital Stock pledged pursuant to Pledge Agreements do

not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; and

(b) All other security and collateral described in the Pledge Agreements.

ARTICLE III.
PAYMENTS AND PREPAYMENTS

3.1 Principal Payments. (a) Unless earlier payment is required under this Agreement, the Company shall pay to the Lenders on the Termination Date the entire outstanding principal amount of the Syndicated Loans.

(b) Unless earlier payment is required under this Agreement, the Canadian Borrower shall pay to the Canadian Lenders on the Termination Date the entire outstanding principal amount of the Canadian Syndicated Loans.

(c) Unless earlier payment is required under this Agreement, the Company shall, on the maturity date of any Bid-Option Loan, pay to the Lender providing such Bid-Option Loan the outstanding principal amount of such Loan.

(d) If at any time the Dollar Equivalent of the aggregate Canadian Syndicated Loans exceeds the Activated Aggregate Canadian Commitments, upon the request of any Lender the Canadian Borrower shall prepay the Canadian Syndicated Loans in an amount equal to or greater than such excess.

(e) If at any time the Dollar Equivalent of the aggregate Syndicated Loans, Swingline Loans and Letters of Credit exceeds the aggregate U.S. Commitments, upon the request of any Lender the Borrowers shall prepay the Advances in an amount equal to or greater than such excess.

(f) The Company may at any time and from time to time optionally prepay all or a portion of the Loans without premium in the case of Syndicated Loans, provided that (i) in the case of the prepayment of Fixed Rate Loans, the Company shall provide five Business Days notice to the Agent, and (ii) in the case of the prepayment of Fixed Rate Loans prior to the last day of the then current Interest Period with respect to such Loan, the Company shall pay the Lenders for any funding losses and loss of profits incurred by the Lenders as a result of any prepayment of such Loans.

3.2 Interest Payments. Each Borrower shall pay interest to the Lenders on the unpaid principal amount of each Loan made to it (other than Bid-Option Loans, for which the interest shall be payable directly to the Lender providing such Bid-Option Loan as described in clauses (b) and (c) below), for the period commencing on the date such Loan is made until such Loan is paid in full, on each Interest Payment Date and at maturity (whether at stated maturity, by acceleration or otherwise), and thereafter on demand, at the following rates per annum:

(a) With respect to Syndicated Loans:

(i) During such periods that such Loan is a Floating Rate Loan, the Floating Rate.

(ii) During such periods that such Loan is a Eurodollar Rate Syndicated Loan, the Syndicated Eurodollar Rate applicable to such Loan for each related Eurodollar Interest Period.

(iii) During such periods that such Loan is a BA Rate Syndicated Loan, the BA Rate applicable to such Loan for each related BA Interest Period.

(b) With respect to Absolute Rate Bid-Option Loans, the Bid-Option Absolute Rate quoted for such Loan by the Lender making such Loan.

(c) With respect to each Eurodollar Rate Bid-Option Loan, the Bid-Option Eurodollar Rate.

(d) With respect to Swingline Loans, the rate agreed to by the Agent and the Company, provided that Swingline Loans shall bear interest at the rate applicable to Floating Rate Loans at any time the Swingline Loans are refunded by Floating Rate Loans or the Lenders are required to purchase participations therein under Section 2.1(c)(iii).

Notwithstanding anything to the contrary contained in this Agreement, during the continuance of a Default or Event of Default the Required Lenders may, at their option, by notice to the Borrowers (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.1 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as or converted into a Fixed Rate Loan or, at the end of any existing Interest Period, continued as a Fixed Rate Loan. Notwithstanding anything to the contrary contained in this Agreement, during the continuance of an Event of Default the Required Lenders may, at their option, by notice to the Borrowers (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.1 requiring unanimous consent of the Lenders to changes in interest rates), declare that each Borrower pay interest on demand at the Overdue Rate on the outstanding principal amount of any Loan owing by it and any other amount payable by it hereunder (other than interest), provided that, during the continuance of an Event of Default under Section 6.1(i), the Overdue Rate as described above shall be applicable without any election or action on the part of the Agent or any Lender.

3.3 Letter of Credit Reimbursement Payments. (a)(i) The Company agrees to pay to the Lenders, on the day on which the Agent shall honor a draft or other demand for payment presented or made under any Letter of Credit, an amount equal to the amount paid by the Agent in respect of such draft or other demand under such Letter of Credit and all expenses paid or incurred by the Agent relative thereto. Unless the Company shall have made such payment to the Lenders on such day, upon each such payment by the Agent, the Agent shall be deemed to have disbursed to the Company for whose benefit the Letter of Credit was issued, and the Company shall be deemed to have elected to satisfy its reimbursement obligation by, a Syndicated Loan bearing interest at the Floating Rate for the account of the Lenders in an amount equal to the amount so paid by the Agent in respect of such draft or other demand under such Letter of Credit. Such Syndicated Loan shall be disbursed notwithstanding any failure to satisfy any conditions for disbursement of any Loan set forth in Article II hereof and, to the extent of the Syndicated Loan so disbursed, the reimbursement obligation of the Company under this Section 3.3 shall be deemed satisfied; provided, however, that nothing in this Section 3.3 shall be deemed to constitute a waiver of any Default or Event of Default caused by the failure to the conditions for disbursement or otherwise.

(ii) If, for any reason (including without limitation as a result of the occurrence of an Event of Default with respect to the Company pursuant to Section 6.1(i)), Floating Rate

Loans may not be made by the Lenders as described in Section 3.3(a)(i), then (A) the Company agrees that each reimbursement amount not paid pursuant to the first sentence of Section 3.3(a)(i) shall bear interest, payable on demand by the Agent, at the interest rate then applicable to Floating Rate Loans, and (B) effective on the date each such Floating Rate Loan would otherwise have been made, each Lender severally agrees that it shall unconditionally and irrevocably, without regard to the occurrence of any Default or Event of Default, in lieu of deemed disbursement of loans, to the extent of such Lender's Commitment, purchase a participating interest in each reimbursement amount. Each Lender will immediately transfer to the Agent, in Same Day Funds, the amount of its participation. Each Lender shall share, based on its Pro Rata Share, in any interest which accrues thereon and in all repayments thereof. If and to the extent that any Lender shall not have so made the amount of such participating interest available to the Agent, such Lender and the Company severally agree to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Agent until the date such amount is paid to the Agent, at (x) in the case of the Company, the interest rate then applicable to Floating Rate Loans and (y) in the case of such Lender, the Federal Funds Rate.

(b) The reimbursement obligation of the Company under this Section 3.3 shall be absolute, unconditional and irrevocable and shall remain in full force and effect until all obligations of the Company to the Lenders hereunder shall have been satisfied, and such obligations of the Company shall not be affected, modified or impaired upon the happening of any event, including without limitation, any of the following, whether or not with notice to, or the consent of, the Company:

(i) Any lack of validity or enforceability of any Letter of Credit or any documentation relating to any Letter of Credit or to any transaction related in any way to such Letter of Credit (the "Letter of Credit Documents");

(ii) Any amendment, modification, waiver, consent, or any substitution, exchange or release of or failure to perfect any interest in collateral or security, with respect to any of the Letter of Credit Documents;

(iii) The existence of any claim, setoff, defense or other right which the Company may have at any time against any beneficiary or any transferee of any Letter of Credit (or any Persons or entities for whom any such beneficiary or any such transferee may be acting), the Agent or any Lender or any other Person or entity, whether in connection with any of the Letter of Credit Documents, the transactions contemplated herein or therein or any unrelated transactions;

(iv) Any draft or other statement or document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) Payment by the Agent to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit;

(vi) Any failure, omission, delay or lack on the part of the Agent or any Lender or any party to any of the Letter of Credit Documents to enforce, assert or exercise any right, power or remedy conferred upon the Agent, any Lender or any such party under this Agreement or any of the Letter of Credit Documents, or any other acts or omissions on the part of the Agent, any Lender or any such party;

(vii) Any other event or circumstance that would, in the absence of this clause, result in the release or discharge by operation of law or otherwise of the Company from the performance or observance of any obligation, covenant or agreement contained in this Section 3.3.

No setoff, counterclaim, reduction or diminution of any obligation or any defense of any kind or nature which the Company has or may have against the beneficiary of any Letter of Credit shall be available hereunder to the Company against the Agent or any Lender. Nothing in this Section 3.3 shall limit the liability, if any, of the Lenders to the Company pursuant to Section 8.5.

3.4 Applicable Lending Office; Payment Method. (a) Each Lender will book its Loans at the appropriate Applicable Lending Office listed on administrative information sheets provided to the Agent (or as established by the Agent from time to time in the case of Bank One, which shall be Bank One Canada in the case of Loans to the Canadian Borrower) in connection herewith or such other Applicable Lending Office designated by such Lender in accordance with the final sentence of this Section 3.4(a). All terms of this Agreement shall apply to any such Applicable Lending Office and the Loans and any Notes issued hereunder shall be deemed held by each Lender for the benefit of any such Applicable Lending Office. Each Lender may, by written notice to the Agent and the Borrowers, designate replacement or additional Applicable Lending Office through which Loans will be made by it and for whose account Loan payments are to be made.

(b) All payments to be made by the Company hereunder will be made to the Agent at its applicable Agent Payment Office for the account of the Lenders in U.S. Dollars and in Same Day Funds not later than 1:00 p.m. (Detroit time) on the date on which such payment shall be due. All payments to be made by the Canadian Borrower with respect to Canadian Syndicated Loans hereunder will be made to the Agent at its applicable Agent Payment Office the account of the Canadian Lenders in Canadian Dollars and in Same Day Funds not later than 1:00 p.m. (Toronto time) on the date on which such payment shall be due. Payments received after 1:00 p.m. at the place for payment shall be deemed to be payments made prior to 1:00 p.m. at the place for payment on the next succeeding Business Day. The Borrowers hereby authorize the Agent to charge their respective accounts with the Agent in order to cause timely payment of amounts due hereunder to be made (subject to sufficient funds being available in such account for that purpose).

(c) At the time of making each such payment, each Borrower shall, subject to the other terms and conditions of this Agreement, specify to the Agent that Borrowing or other obligation of such Borrower hereunder to which such payment is to be applied. In the event that such Borrower fails to so specify the relevant obligation or if an Event of Default shall have occurred and be continuing, the Agent may apply such payments as it may determine in its sole discretion to obligations of such Borrower to the Lenders arising under the Loan Documents.

(d) On the day such payments are deemed received, the Agent shall remit to the Lenders their Pro Rata Share of such payments in Same Day Funds, to the Lenders at their respective Applicable Lending Offices.

3.5 No Setoff or Deduction. Subject to Section 3.11, all payments of principal of and interest on the Loans and other amounts payable by the Borrowers hereunder shall be made by the Borrowers without setoff or counterclaim, and free and clear of, and without deduction or withholding for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments, or other charges of whatever nature, imposed by any governmental authority, or by any department, agency or other political subdivision or taxing authority, unless required by applicable laws. If any such taxes, levies, imposts, duties, fees, assessments, or

other charges are required to be withheld from any amounts payable hereunder with respect to any Advance, the amounts so payable shall be increased to the extent necessary to yield to the payee thereof the interest or any such other amounts payable hereunder at the rates and in the amounts specified in this Agreement.

3.6 Payment on Non-Business Day; Payment Computations. Except as otherwise provided in this Agreement to the contrary, whenever any installment of principal of, or interest on, any Loan outstanding hereunder or any other amount due hereunder becomes due and payable on a day which is not a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, in the case of any installment of principal, interest shall be payable thereon at the rate per annum determined in accordance with this Agreement during such extension. Computations of interest and other amounts due under this Agreement shall be made on the basis of a year of 360 days for the actual number of days elapsed, including the first day but excluding the last day of the relevant period. For the purposes of the Interest Act (Canada) hereunder (i) whenever interest payable pursuant to this Agreement is calculated with respect to any monetary obligation relating to Loans to the Canadian Borrower on the basis of a period other than a calendar year (the "Calculation Period"), each rate of interest determined pursuant to such calculation expressed as an annual rate is equivalent to such rate as so determined, multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the Calculation Period; (ii) the principle of deemed reinvestment of interest with respect to any monetary obligation relating to Loans in Canadian Dollars shall not apply to any interest calculation under this agreement, and (iii) the rates of interest with respect to any monetary obligation relating to Loans to the Canadian Borrower stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

3.7 Additional Costs. (a) If the adoption of or any change in any law, treaty, rule or regulation (whether domestic or foreign) applicable to any Lender or the Agent, or in any interpretation, application or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Lender or the Agent with any directive of any such authority (whether or not having the force of law) made subsequent to the Effective Date, shall (i) affect the basis of taxation of payments to any Lender or the Agent of any amounts payable by a Borrower under this Agreement (other than taxes imposed on the overall net income of the Lender or the Agent, by the jurisdiction, or by any political subdivision or taxing authority of any such jurisdiction, in which any Lender or the Agent, as the case may be, has its principal office or is otherwise advancing or booking any Loan hereunder), or (ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by any Lender or the Agent, as the case may be, or (iii) shall impose any other condition with respect to this Agreement, the Commitments, the Notes or the Advances, and the result of any of the foregoing is to increase the cost to any Lender or the Agent, as the case may be, of making, funding or maintaining any Fixed Rate Loan or to reduce the amount of any sum receivable by any Lender or the Agent, thereon, then such Borrower shall pay to such Lender or the Agent, as the case may be, from time to time, upon request by such Lender (with a copy of such request to be provided to the Agent) or the Agent, additional amounts sufficient to compensate such Lender or the Agent, as the case may be, for such increased cost or reduced sum receivable to the extent, such Lender or the Agent, as the case may be, is not compensated therefor in the computation of the interest rate applicable to such Loan. Each Lender or the Agent, as the case may be, seeking compensation hereunder shall deliver to such Borrower a statement setting forth such increased cost or reduced sum receivable as such Lender or the Agent, as the case may be, has calculated in good faith. Such statement as to the amount of such increased cost or reduced sum receivable, prepared in good faith and in reasonable detail by such Lender or the Agent, as the case may be, and submitted by such Lender or the Agent, as the case may be, to such Borrower, shall be conclusive and binding for all purposes absent manifest error in computation.

(b) If the adoption of or any change in any law, treaty, rule or regulation (whether domestic or foreign) applicable to any Lender or the Agent, but applicable to banks or financial institutions generally, or in any interpretation or administration thereof by any governmental authority charged with the interpretation, application or administration thereof, or compliance by any Lender or the Agent with any directive of any such authority (whether or not having the force of law), including any risk-based capital guidelines made subsequent to the Effective Date, affects the amount of capital required or expected to be maintained by such Lender or the Agent (or any corporation controlling such Lender or the Agent) and such Lender or the Agent, as the case may be, determines that the amount of such capital is increased by or based upon the existence of such Lender's or the Agent's obligations hereunder to any Borrower and such increase has the effect of reducing the rate of return on such Lender's or the Agent's (or such controlling corporation's) capital as a consequence of such obligations hereunder to a level below that which such Lender or the Agent (or such controlling corporation) could have achieved but for such circumstances (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Lender or the Agent to be material, then such Borrower shall pay to such Lender or the Agent, as the case may be, from time to time, upon request by such Lender (with a copy of such request to be provided to the Agent) or the Agent, additional amounts sufficient to compensate such Lender or the Agent (or such controlling corporation) for any reduced rate of return which such Lender or the Agent reasonably determines to be allocable to the existence of such Lender's or the Agent's obligations hereunder. Each Lender or the Agent, as the case may be, seeking compensation hereunder shall deliver to each such Borrower a statement setting forth such increased cost or reduced sum receivable as such Lender or the Agent, as the case may be, has calculated in good faith. Such statement as to the amount of such compensation, prepared in good faith and in reasonable detail by such Lender or the Agent, as the case may be, and submitted by such Lender or the Agent to such Borrower, shall be conclusive and binding for all purposes absent manifest error in computation.

(c) Each Lender will promptly notify the affected Borrower and the Agent of any event of which it has actual knowledge occurring after the date hereof which will entitle to such Lender to compensation pursuant to this Section 3.7 and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender or contrary to its policies.

3.8 Illegality and Impossibility. In the event that any applicable law, treaty, rule or regulation (whether domestic or foreign) now or hereafter in effect and whether or not presently applicable to any Lender, or any interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Lender with any directive of such authority (whether or not having the force of law), including without limitation exchange controls, shall make it unlawful or impossible for any Lender to maintain any Fixed Rate Loan under this Agreement or shall make it impracticable, unlawful or impossible for, or shall in any way limit or impair the ability of, a Borrower to make or any Lender to receive any payment under this Agreement at the place specified for payment hereunder, or to freely convert any amount paid into U.S. Dollars at market rates of exchange or to transfer any amount paid or so converted to the address of its principal office specified in Section 8.2, such Borrower shall upon receipt of notice thereof from such Lender, repay in full the then outstanding principal amount of each Fixed Rate Loan so affected, together with all accrued interest thereon to the date of payment and all amounts owing to such Lender under Section 3.9, (a) on the last day of the then current Interest Period applicable to such Loan if such Lender may lawfully continue to maintain such Loan to such day, or (b) immediately if such Lender may not continue to maintain such Loan to such day.

3.9 Indemnification. If a Borrower makes any payment of principal with respect to any Fixed Rate Loan on any other date than the last day of an Interest Period applicable thereto (whether pursuant to Section 3.8 or Section 6.2 or otherwise), or if a Borrower fails to borrow or continue any Fixed Rate Loan, or convert any Floating Rate Loan to a Fixed Rate Loan, after notice has been given to the Lenders in accordance with Section 2.6 or 2.9, as applicable, such Borrower shall reimburse each Lender on demand for any resulting net loss or expense incurred by each such Lender after giving credit for any earnings or other quantifiable financial benefit to such Lender from such Lender's investment or other amounts prepaid or not reborrowed, including without limitation any loss incurred in obtaining, liquidating or employing deposits from third parties, whether or not such Lender shall have funded or committed to fund such Loan. A statement as to the amount of such loss or expense, prepared in good faith and in reasonable detail by such Lender and submitted by such Lender to such Borrower, shall be conclusive and binding for all purposes absent manifest error in computation. Calculation of all amounts payable to such Lender under this Section 3.9 shall be made as though such Lender shall have actually funded or committed to fund the relevant Fixed Rate Loan through the purchase of an underlying deposit in an amount equal to the amount of such Loan and having a maturity comparable to the related Interest Period; provided, however, that such Lender may fund any Fixed Rate Loan in any manner it sees fit and the foregoing assumption shall be utilized only for the purpose of calculation of amounts payable under this Section 3.9.

3.10 Substitution of Lender. If (a) the obligation of any Lender to make or maintain Eurodollar Rate Syndicated Loans has been suspended pursuant to Section 3.8 or 2.10 when not all Lenders obligations have been suspended, (b) any Lender has demanded compensation under Section 3.7 or (c) any Lender is a Defaulting Lender, the Borrowers shall have the right, if no Default or Event of Default then exists, to replace such Lender (a "Replaced Lender") with one or more other Lenders (collectively, the "Replacement Lender") acceptable to the Agent, provided that (i) at the time of any replacement pursuant to this Section 3.10, the Replacement Lender shall enter into one or more Assignment and Acceptances, pursuant to which the Replacement Lender shall acquire the Commitments and outstanding Advances and other obligations of the Replaced Lender and, in connection therewith, shall pay to the Replaced Lender in respect thereof an amount equal to the sum of (A) the amount of principal of, and all accrued interest on, all outstanding Loans of the Replaced Lender, (B) the amount of all accrued, but theretofore unpaid, fees owing to the Replaced Lender under Section 2.3 and (C) the amount which would be payable by the Borrowers to the Replaced Lender pursuant to Section 3.9 if the Borrowers prepaid at the time of such replacement all of the Loans of such Replaced Lender outstanding at such time and (ii) all obligations of the Borrowers then owing to the Replaced Lender (other than those specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Lender concurrently with such replacement. Upon the execution of the respective Assignment and Acceptances, the payment of amounts referred to in clauses (i) and (ii) above and, if so requested by the Replacement Lender, delivery to the Replacement Lender of the appropriate Note or Notes, if any, executed by the Borrowers, the Replacement Lender shall become a Lender hereunder and the Replaced Lender shall cease to constitute a Lender hereunder. The provisions of this Agreement (including without limitation Sections 3.9 and 8.5) shall continue to govern the rights and obligations of a Replaced Lender with respect to any Advances made or any other actions taken by such Lender while it was a Lender. Nothing herein shall release any Defaulting Lender from any obligation it may have to the Borrowers, the Agent or any other Lender.

3.11 Taxes. (a) At least five Business Days prior to the first date on which interest or fees are payable hereunder for the account of any U.S. Lender, each U.S. Lender that is not incorporated under the laws of the United States of America or a state thereof agrees that it will deliver to each of the Company and the Agent two duly completed copies of United States Internal Revenue Service Form W-

8BEN or W-8ECI and Form W-8 or W-9 and any additional forms necessary for claiming complete exemption from United States withholding taxes (or any successor or substitute forms), certifying in either case that such U.S. Lender is entitled to receive payments under this Agreement and the Loans without deduction or withholding of any United States federal income taxes. Each U.S. Lender which so delivers a Form W-8BEN or W-8ECI and a Form W-8 or W-9 and any additional forms necessary for claiming complete exemption from United States withholding taxes (or any successor or substitute forms) further undertakes to deliver to each of the Company and the Agent two additional copies of such forms (or any successor or substitute forms) on or before the date that such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Company or the Agent to the extent it may lawfully do so, in each case certifying that such U.S. Lender is entitled to receive payments under this Agreement and the Loans without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such U.S. Lender from duly completing and delivering any such form with respect to it and such U.S. Lender advises the Company and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(b) Each Canadian Lender that is created or organized under the laws of a jurisdiction other than Canada or a Province thereof making Canadian Syndicated Loans shall deliver, or have its Applicable Lending Office to be used to make Canadian Syndicated Loans deliver, to the Borrowers and the Agent on the Effective Date (or on the date on which such Canadian Lender or such Applicable Lending Office becomes a Lender hereunder), evidence that either (i) such Canadian Lender or its Applicable Lending Office is an authorized foreign bank and that any payments received by such Canadian Lender or its Applicable Lending Office under the Canadian Syndicated Loans is in respect of such entity's Canadian banking business, all for the purposes of subsection 112(13.3) of the Income Tax Act (Canada), or (ii) the Minister of National Revenue is satisfied that payments made to such Lender hereunder are not subject to Canadian withholding taxes pursuant to Regulation 805(2) of the Income Tax Act (collectively, "Evidence of Canadian Tax Exemption"). In addition, from time to time after the Effective Date (or the date on which such Canadian Lender becomes a Lender hereunder) upon the reasonable request of the Borrowers or the Agent, each such Canadian Lender further agrees to deliver to the Borrowers and the Agent further Evidence of Canadian Tax Exemption, unless any change in treaty, law, regulation or official interpretation thereof prevents such Lender from duly providing same. Notwithstanding anything in this Section 3.11 to the contrary, the Borrowers shall not have any obligation to pay any withholding taxes or to indemnify any Canadian Lender for any withholding taxes to the extent that such taxes result from the failure of such Lender to comply with its obligations under this paragraph.

(c) If any governmental authority of any jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or was not properly executed, or because such Lender failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Lender shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses (including attorney costs). The obligations of the Lenders under this subsection shall survive the payment of all Loans.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to the Agent and the Lenders that:

4.1 Corporate Existence and Power. It is a corporation duly organized, validly existing and in good standing under the laws of the state, province or other political subdivision of its jurisdiction of incorporation or organization, as the case may be, and is duly qualified to do business, and is in good standing, in all additional jurisdictions where such qualification is necessary under applicable law, except where the failure to be so qualified would not have a Material Adverse Effect. It has all requisite corporate and other power to own or lease the properties used in its business and to carry on its business as now being conducted and as proposed to be conducted, and to execute and deliver this Agreement and the other Loan Documents to which it is a party and to engage in the transactions contemplated by the Loan Documents.

4.2 Corporate Authority. The execution, delivery and performance by it of the Loan Documents to which it is a party have been duly authorized by all necessary corporate action and are not in contravention of any material law, rule or regulation, or any judgment, decree, writ, injunction, order or award of any arbitrator, court or governmental authority, or of the terms of its charter or by-laws, or of any material contract or undertaking to which it is a party or by which it or its property is bound or affected and do not result in the imposition of any Lien except for Permitted Liens.

4.3 Binding Effect. The Loan Documents to which it is a party are the legal, valid and binding obligations of it enforceable against it in accordance with their respective terms; except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights and except that the remedy of specific performance and injunctive and other forms of equitable relief are subject to equitable defenses and to the discretion of the court before which any proceedings may be brought.

4.4 Subsidiaries. Schedule 4.4 hereto correctly sets forth the corporate name, jurisdiction of organization and ownership of each Subsidiary of the Company. Each Subsidiary and each Person becoming a Subsidiary of the Company after the date hereof is and will be duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and is and will be duly qualified to do business in each additional jurisdiction where such qualification is or may be necessary under applicable law, except where the failure to be so qualified would not have a Material Adverse Effect. Each Subsidiary of the Company has and will have all requisite corporate power to own or lease the properties used in its business and to carry on its business as now being conducted and as proposed to be conducted. All outstanding shares of Capital Stock of each Subsidiary of the Company have been and will be validly issued and are and will be fully paid and nonassessable and, except as otherwise indicated in Schedule 4.4 hereto or disclosed in writing to the Agent from time to time, are and will be owned, beneficially and of record, by the Company or another Subsidiary of the Company free and clear of any Liens.

4.5 Litigation and Contingent Obligations. Except as set forth in Schedule 4.5 hereto, there is no action, suit or proceeding pending or, to the best of the Company's knowledge, threatened against or affecting the Company or any of its Subsidiaries before or by any court, governmental authority or arbitrator, which is reasonably likely to result either individually or collectively, in a Material Adverse Effect and, to the best of the Company's knowledge, there is no basis for any such action, suit or proceeding. Other than any liability incident to any litigation, arbitration or proceeding which (i) could not reasonably be

expected to have a Material Adverse Effect or (ii) is set forth on Schedule 4.5, neither the Company nor any of its Subsidiaries has any material contingent obligations not provided for or disclosed in the financial statements referred to in Section 4.6.

4.6 Financial Condition. The consolidated balance sheet of the Company and its Subsidiaries and the consolidated statements of income, and cash flows of the Company and its Subsidiaries for the fiscal year ended December 29, 2001 and reported on by Arthur Andersen LLP, independent certified public accountants, and the interim consolidated balance sheet and interim consolidated statements of income and cash flows of the Company and its Subsidiaries, as of or for the six month period ended on June 29, 2002, copies of which have been furnished to the Lenders, fairly present, and the financial statements of the Company and its Subsidiaries delivered pursuant to Section 5.1(d) will fairly present the consolidated financial position of the Company and its Subsidiaries as at the respective dates thereof, and the consolidated results of operations of the Company and its Subsidiaries for the respective periods indicated, all in accordance with Generally Accepted Accounting Principles consistently applied (subject, in the case of said interim statements, to year-end audit adjustments). There has been no Material Adverse Effect since the date of the consolidated balance sheet of the Company delivered to the Lenders prior to the Effective Date.

4.7 Use of Loans. The Borrowers will use the proceeds of the Loans for their working capital requirements and general corporate purposes. Neither the Company nor any of its Subsidiaries extends or maintains, in the ordinary course of business, credit for the purpose, whether immediate, incidental, or ultimate, of buying or carrying margin stock (within the meaning of Regulations T, U or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds will be used in violation of Regulations T, U or X or any other law or regulation. After applying the proceeds of each Loan, such margin stock will not constitute more than 25% of the value of the assets (either of any Borrower alone or of the Company and its Subsidiaries on a consolidated basis) that are subject to any provisions of this Agreement that may cause the Loans to be deemed secured, directly or indirectly, by such margin stock.

4.8 No Conflict; Consents, Etc. Neither the execution and delivery by any Borrower of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on any Borrower or any of their Subsidiaries or (ii) each Borrower's or any Subsidiary's articles or certificate of incorporation, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which either Borrower or any of their Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Company or a Subsidiary pursuant to the terms of any such indenture, instrument or agreement. Except for such consents, approvals, authorizations, declarations, registrations or filings delivered by the Borrower pursuant to Section 2.7(j), if any, each of which is in full force and effect, no consent, approval or authorization of or declaration, registration or filing with any governmental authority or any nongovernmental Person, including without limitation any creditor, lessor or stockholder of any Borrower or Guarantor, is required on the part of any Borrower or Guarantor in connection with the execution, delivery and performance of the Loan Documents, or the transactions contemplated hereby or as a condition to the legality, validity or enforceability of the Loan Documents. The Company and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective properties if failure to comply therewith could reasonably be expected to have a Material Adverse Effect.

4.9 Taxes. The Company and its Subsidiaries have filed all material tax returns (federal, state and local) required to be filed and have paid all taxes shown thereon to be due, including interest and penalties, or have established adequate financial reserves on their respective books and records for payment thereof except where the failure to file such returns, pay such taxes or establish such reserves would not have a Material Adverse Effect.

4.10 Title to Properties. Except as otherwise disclosed in the latest balance sheet delivered pursuant to this Agreement, the Company or one or more of its Subsidiaries have good and marketable fee simple title to all of the real property, and a valid and indefeasible ownership interest in all of the other properties and assets reflected in said balance sheet or subsequently acquired by the Company or any such Subsidiary material to the business or financial condition of the Company and its Subsidiaries taken as a whole, except for title defects that do not have a Material Adverse Effect. All of such properties and assets are free and clear of any Lien, except for Permitted Liens. The Company and each of its Subsidiaries owns, or is licensed to use, all patents, trademarks, trade names, service marks, copyrights, technology, know-how and processes necessary for the conduct of its business as currently conducted and as contemplated to be conducted (the "Intellectual Property"), and the use of such Intellectual Property by the Company and each of its Subsidiaries does not infringe on the rights of any Person. The Pledge Agreements grant a first priority, perfected and enforceable lien and security interest on 65% of the Capital Stock of certain Foreign Subsidiaries owned by the Company or any Guarantor to the extent that 65% of the Capital Stock of such Foreign Subsidiaries is required to be pledged by Section 2.13.

4.11 ERISA. The Company, its Subsidiaries, their ERISA Affiliates and their respective Plans are in substantial compliance in all material respects with those provisions of ERISA and of the Code which are applicable with respect to any Plan. No Prohibited Transaction and no Reportable Event has occurred with respect to any such Plan which would cause an Event of Default. Neither the Company, any of its Subsidiaries nor any of their ERISA Affiliates is an employer with respect to any Multiemployer Plan. The Company, its Subsidiaries and their ERISA Affiliates have met the minimum funding requirements under ERISA and the Code with respect to each of their respective Plans, if any, and have not incurred any liability to the PBGC, other than premiums which are not yet due and payable. The execution, delivery and performance of the Loan Documents does not constitute a Prohibited Transaction. There is no material unfunded benefit liability, determined in accordance with Section 4001(a)(18) of ERISA, with respect to any Plan of the Company, its Subsidiaries or their ERISA Affiliates.

4.12 Environmental and Safety Matters. Except as disclosed on Schedule 4.12 hereto, the Company and each Subsidiary of the Company is in substantial compliance with all material federal, state and local laws, ordinances and regulations relating to safety and industrial hygiene or to the environmental condition, including without limitation all material Environmental Laws in jurisdictions in which the Company or any such Subsidiary owns or operates, or has owned or operated, a facility or site, or arranges or has arranged for disposal or treatment of hazardous substances, solid waste, or other wastes, accepts or has accepted for transport any hazardous substances, solid wastes or other wastes or holds or has held any interest in real property or otherwise. No written demand, claim, notice, suit, suit in equity, action, administrative action, investigation or inquiry whether brought by any governmental authority, private Person or otherwise, arising under, relating to or in connection with any Environmental Laws is pending or, to the best of the Company's actual knowledge, threatened against the Company or any such Subsidiary, any real property in which the Company or any such Subsidiary holds or has held an interest or any past or present operation of the Company or any such Subsidiary which could have a Material Adverse Effect. As of the date hereof, except as disclosed in Schedule 4.12 hereto, neither the Company nor any Subsidiary of the Company (a) is the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to

a release of any toxic substances, radioactive materials, hazardous wastes or related materials into the environment, or (b) has received any notice of any toxic substances, radioactive materials, hazardous waste or related materials in, or upon any of its properties in violation of any Environmental Laws. As to the matters disclosed in Schedule 4.12 hereto, none could have a Material Adverse Effect. No release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring or has occurred on, under or to any real property in which the Company or any of its Subsidiaries holds any interest or performs any of its operations, in violation of any Environmental Law which could have a Material Adverse Effect.

4.13 Material Agreements. Neither the Company nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness.

4.14 Compliance With Laws. The Company and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective property except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

4.15 Plan Assets; Prohibited Transactions. Neither Borrower is an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Advances hereunder gives rise to a Prohibited Transaction.

4.16 Investment Company Act. Neither Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

4.17 Public Utility Holding Company Act. Neither Borrower nor any Subsidiary is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

4.18 Insurance. The certificate signed by the chief financial officer or treasurer of the Company, that attests to the existence and adequacy of, and summarizes, the property and casualty insurance program carried by the Company with respect to itself and its Subsidiaries and that has been furnished by the Company to the Agent and the Lenders, is complete and accurate. This summary includes the insurer's or insurers' name(s), policy number(s), expiration date(s), amount(s) of coverage, type(s) of coverage, exclusion(s), and deductibles. This summary also includes similar information, and describes any reserves, relating to any self-insurance program that is in effect.

ARTICLE V.
COVENANTS

5.1 Affirmative Covenants. Each Borrower covenants and agrees that, until the Termination Date and thereafter until irrevocable payment in full of the principal of and accrued interest on the Advances and the performance of all other obligations of the Obligors under the Loan Documents, unless the Required Lenders shall otherwise consent in writing, it shall, and shall cause each of its Subsidiaries to:

(a) Preservation of Corporate Existence, Etc. Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except to the extent permitted by Section 5.2(e) or 5.2(f), and its qualification as a foreign corporation in good standing in each jurisdiction in which such qualification is necessary under applicable law, other than where failure to so qualify will not have a Material Adverse Effect.

(b) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders of any governmental authority, whether federal, state, local or foreign (including without limitation ERISA, the Code and Environmental Laws), in effect from time to time, and pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income, revenues or property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise, which, if unpaid, might give rise to Liens upon such properties or any portion thereof, except (i) to the extent that payment of any of the foregoing is then being contested in good faith by appropriate legal proceedings or (ii) to the extent that failure to pay any of the foregoing or comply with any of the foregoing relates solely to Subsidiaries which are not wholly-owned Subsidiaries of the Company or Guarantors and if all such non wholly-owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary and such failure could not have a Material Adverse Effect (but the Company shall provide notice to the Agent of the occurrence of any such failure to comply or failure to pay described in this proviso).

(c) Maintenance of Properties; Insurance. Maintain, preserve and protect all property that is material to the conduct of the business of the Company or any of its Subsidiaries and keep such property in good repair, working order and condition and from time to time make, or cause to be made all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times in accordance with customary and prudent business practices for similar businesses; and, maintain in full force and effect insurance with responsible and reputable insurance companies or associations in such amounts, on such terms and covering such risks, as is usually carried by companies engaged in similar businesses and owning similar properties similarly situated and maintain in full force and effect public liability insurance, insurance against claims for Personal injury or death or property damage occurring in connection with any of its activities or any properties owned, occupied or controlled by it, in such amount as it shall reasonably deem necessary.

(d) Reporting Requirements. Furnish to the Lenders and the Agent the following:

(i) Promptly and in any event within three calendar days after becoming aware of the occurrence of any Event of Default or Default and promptly and in any event within thirty calendar days after the commencement of any litigation against, by or affecting the Company or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect, and any material developments therein, written notice thereof together with a statement of the chief financial officer of the Company setting forth details of such Event of Default or Default or such litigation and the action which the Company or such Subsidiary, as the case may be, has taken and proposes to take with respect thereto;

(ii) As soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, the consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter, and the related consolidated statements of income and cash flow for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding date or period of the preceding fiscal year, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer of the Company as having been prepared in accordance with Generally Accepted Accounting Principles, together with a certificate of the chief financial officer of the Company stating (A) that no Event of Default or Default has occurred and is continuing or, if an Event of Default or Default has occurred and is continuing, a statement setting forth the details thereof and the action which the Company has taken and proposes to take with respect thereto, and (B) that a computation (which computation shall accompany such certificate and shall be in reasonable detail) showing compliance with Section 5.2(a), (b), and (c);

(iii) As soon as available and in any event within 90 days after the end of each fiscal year of the Company, a copy of the consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal year and the related consolidated statements of income and cash flow of the Company and its Subsidiaries for such fiscal year, with a customary audit report of Ernst & Young LLP or other nationally recognized independent certified public accountants selected by the Company, without qualifications unacceptable to the Agent, together with a certificate of the chief financial officer of the Company stating (A) that no Event of Default or Default has occurred and is continuing or, if an Event of Default or Default has occurred and is continuing, a statement setting forth the details thereof and the action which the Company has taken and proposes to take with respect thereto, and (B) that a computation (which computation shall accompany such certificate and shall be in reasonable detail) showing compliance with Section 5.2(a), (b), and (c);

(iv) As soon as available and in any event within 90 days after the beginning of each fiscal year of the Company, a budget and forecast for such fiscal year in form and substance reasonably satisfactory to the Agent;

(v) Promptly after the sending or filing thereof, copies of all reports, proxy statements and financial statements which the Company sends to or files with any of its security holders or any securities exchange or the Securities and Exchange Commission or any successor agency thereof;

(vi) Promptly and in any event within 10 Business Days after receiving or becoming aware thereof (A) a copy of any notice of intent to terminate any Plan of the Company, its Subsidiaries or any ERISA Affiliate filed with the PBGC, (B) a statement of the chief financial officer of the Company setting forth the details of the occurrence of any Reportable Event with respect to any such Plan, (C) a copy of any notice that the Company, any of its Subsidiaries or any ERISA Affiliate may receive from the PBGC relating to the intention of the PBGC to terminate any such Plan or to appoint a trustee to administer any such Plan, (D) a copy of any notice of failure to make a required installment or other payment within the meaning of Section 412(n) of the Code or Section 302(f) of ERISA with respect to any such Plan, or (E) any management letter or comparable analysis received by the Company from its auditors; and

(vii) Promptly, such other information respecting the business, properties, operations or condition, financial or otherwise, of the Company or any of its Subsidiaries as any Lender or the Agent may from time to time reasonably request.

(e) Accounting; Access to Records, Books, Etc. Maintain a system of accounting established and administered in accordance with sound business practices to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles and to comply with the requirements of this Agreement and, at any reasonable time and from time to time with prior notice to the Company, permit any Lender or the Agent or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Company and its Subsidiaries, and to discuss the affairs, finances and accounts of the Company and its Subsidiaries with its directors, officers, employees and independent auditors, provided that representatives of the Company selected by the Company are present during any such visit or discussion, and by this provision the Company does hereby authorize such Persons to discuss such affairs, finances and accounts with any Lender or the Agent subject to the above terms and conditions. The Company shall send a written notification to its auditors informing them at each time the Company engages any auditors that it is the primary intent of the Company for the auditors' accounting services to benefit or influence the Lenders and the Agent.

(f) Guaranties and Pledge Agreements. Cause each Person that is or becomes a Guarantor from time to time promptly to execute and deliver a Guaranty to the Lenders and execute or cause the appropriate Guarantor to execute, additional Pledge Agreements or amendments to existing Pledge Agreements to grant the liens and security interests required under Section 2.13 hereof, in each case together with the other documentation relating to such Guaranty or Pledge Agreement similar to that required to be delivered by or on behalf of the Obligors under Section 2.7.

(g) Further Assurances. Will, and will cause each Guarantor to, execute and deliver within 30 days after request therefor by the Required Lenders or the Agent, all further instruments and documents and take all further action that may be necessary or desirable, in order to give effect to, and to aid in the exercise and enforcement of the rights and remedies of the Lenders and the Agent under, the Loan Documents. In addition, the Company agrees to deliver to the Agent and the Lenders from time to time upon the acquisition or creation of any Subsidiary not listed in Schedule 4.4 hereto supplements to Schedule 4.4 such that such Schedule, together with such supplements, shall at all times accurately reflect the information provided for thereon.

5.2 Negative Covenants. Until the Termination Date and thereafter until irrevocable payment in full of the principal of and accrued interest on the Advances, and the performance of all other obligations of the Obligors under Loan Documents, each Borrower agrees that, unless the Required Lenders shall otherwise consent in writing, it shall not, and shall not permit any of its Subsidiaries to:

(a) Leverage Ratio. Permit or suffer the Adjusted Leverage Ratio to be greater than 0.60 to 1.0 at any time.

(b) Interest Coverage Ratio. Permit or suffer the Interest Coverage Ratio to be less than 2.5 to 1.0 as of the end of any fiscal quarter.

(c) Net Worth. Permit or suffer the Net Worth at any time to be less than $220,000,000, plus 50% of Consolidated net income of the Company and its Subsidiaries for the fiscal quarter of the Company ending in December, 2002 and each fiscal year of the Company ending thereafter, provided that if such Consolidated net income of the Company and its Subsidiaries is negative for the fiscal quarter ending in December, 2002 or any fiscal year thereafter, as the case may be, the amount added for such fiscal quarter or year shall be zero and it shall not reduce the amount added for any other fiscal year, and plus 75% of the net proceeds from the sale or other issuance of any Capital Stock of the Company.

(d) Liens. Create, incur or suffer to exist any Lien on any of the assets, rights, revenues or property, real, personal or mixed, tangible or intangible, whether now owned or hereafter acquired, of the Company or any of its Subsidiaries, other than:

(i) Liens for taxes not delinquent or for taxes being contested in good faith by appropriate proceedings and as to which adequate financial reserves have been established on its books and records;

(ii) Liens (other than any Lien imposed by ERISA) created and maintained in the ordinary course of business which are not material in the aggregate, which would not have a Material Adverse Effect and which constitute (A) pledges or deposits under worker's compensation laws, unemployment insurance laws or similar legislation, (B) good faith deposits in connection with bids, tenders, contracts or leases to which the Company or any of its Subsidiaries is a party for a purpose other than borrowing money or obtaining credit, including rent security deposits, (C) liens imposed by law, such as those of carriers, warehousemen and mechanics, if payment of the obligation secured thereby is not yet due, (D) Liens securing taxes, assessments or other governmental charges or levies not yet subject to penalties for nonpayment, and (E) pledges or deposits to secure public or statutory obligations of the Company or any of its Subsidiaries, or surety, customs or appeal bonds to which the Company or any of its Subsidiaries is a party;

(iii) Liens affecting real property which constitute minor survey exceptions or defects or irregularities in title, minor encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of such real property, provided that all of the foregoing, in the aggregate, do not at any time materially detract from the value of said properties or materially impair their use in the operation of the businesses of the Company and its Subsidiaries taken as a whole;

(iv) Each Lien described in Schedule 5.2(d) hereto may be suffered to exist upon the same terms as those existing on the date hereof, including extensions, renewals and replacements thereof so long as such extension, renewal or replacement does not increase the principal amount of the Indebtedness secured or extend such Lien to any other property, assets, rights or revenues;

(v) (A) any Lien on equipment to secure any rights granted with respect to such equipment in connection with the provision of all or a part of the purchase price of such equipment created contemporaneously with, or within 180 days after such acquisition, or (B) any Lien in property existing in such property at the time of acquisition thereof, whether or not the debt secured thereby is assumed by the Company or a Subsidiary, (C) any Lien existing in the property of a corporation at the time such corporation is merged into or consolidated with the Company or a Subsidiary or at the time of a sale, lease, or other disposition of the properties of a corporation or firm as an entirety or substantially as an entirety to the Company or a Subsidiary, or (D) any Lien on any other fixed assets of the Company or any of its Subsidiaries; provided, in the case of (A), (B), (C) and (D), no such Liens shall exceed the fair market value of the related property, not more than one such Lien shall encumber such property at any one time and the aggregate outstanding Indebtedness secured by all such Liens does not exceed an amount equal to 15% of Net Worth;

(vi) Liens granted by any Subsidiary in favor of the Company or any other Subsidiary;

(vii) The interest or title of a lessor under any lease otherwise permitted under this Agreement with respect to the property subject to such lease to the extent performance of the obligations of the Company or its Subsidiary thereunder is not delinquent; and

(viii) Liens on up to 65% of the present and future Capital Stock of Foreign Subsidiaries to the extent required to be pledged under Section 2.13 hereof, provided that such Liens secure only the Lender Obligations, the Senior Note Debt and the other Subject Obligations and are subject to an Intercreditor Agreement.

(e) Merger; Etc. Merge or consolidate or amalgamate with any other Person or take any other action having a similar effect, provided, however, (i) a Subsidiary of the Company may merge with the Company, provided that the Company shall be the surviving corporation, (ii) a Subsidiary of the Company may merge, consolidate or amalgamate with another Subsidiary of the Company, and (iii) the Company or any Subsidiary may merge, consolidate or amalgamate with any other Person in connection with an Acquisition, provided that such Acquisition is permitted by Section 5.2(h) and satisfies the conditions described therein and the Company or such Subsidiary shall be the surviving corporation.

(f) Disposition of Assets; Etc. Sell, lease, license, transfer, assign or otherwise dispose of any material portion of its business, assets, rights, revenues or property, real, personal or mixed, tangible or intangible, whether in one or a series of transactions, other than inventory sold in the ordinary course of business upon customary credit terms and sales of scrap or obsolete material or equipment, provided, however, that this Section 5.2(f) shall not prohibit any such sale, lease, license, transfer, assignment or other disposition if the aggregate book value (disregarding any write-downs of such book value other than ordinary depreciation and amortization) of all of the business, assets, rights, revenues and property disposed of after the date of this Agreement shall be less than 10% of such aggregate book value of the Consolidated total assets of the Company and its Subsidiaries as of the most recently ended fiscal year, and if immediately after such transaction, no Default or Event of Default shall exist or shall have occurred and be continuing. Notwithstanding the foregoing, (i) any Subsidiary may sell, lease, transfer or otherwise dispose of its assets to the Company or any Guarantor, (ii) the Company or any Subsidiary may sell, lease, transfer or otherwise dispose of its fixed assets in excess of the limitation set forth above so long as such sale is not all or substantially all of its fixed assets and the proceeds of such sale are used to purchase other property of a similar nature of at least equivalent value within 180 days of such sale or (iii) the Company or any Subsidiary may sell, lease, transfer or otherwise dispose of its assets in excess of the limitation set forth above so long as the proceeds of such sale are used to prepay Advances and permanently reduce the Commitments by such amount.

(g) Nature of Business. Make or suffer any substantial change in the nature of its business from that engaged in on the date hereof or engage in any other businesses other than those in which it is engaged on the date hereof, which are directly related to the businesses in which it is engaged in on the date hereof or which are not material in the aggregate.

(h) Investments, Loans and Advances. Purchase or otherwise acquire any Capital Stock of or other ownership interest in, or debt securities of or other evidences of Indebtedness of, any other Person; nor acquire all or any material portion of the assets of any Person; nor make any other Acquisition; nor make any loan or advance of any of its funds or property or make any other extension of credit to, or make any investment or acquire any interest whatsoever in, any other Person; nor permit any Subsidiary to do any of the foregoing; other than (i) extensions of trade credit made in the ordinary course of

business on customary credit terms and commission, travel, relocation and similar advances made to officers and employees in the ordinary course of business, (ii) investments, loans and advances in and to the Company or any Guarantor, (iii) investments in Cash Equivalents, and (iv) Acquisitions, provided each of the following conditions is satisfied: (A) there is no Default or Event of Default either before or after such Acquisition, (B) the representations and warranties contained in this Agreement shall be true and correct as if made on and as of the date such Acquisition is consummated, both before and after giving effect thereto, (C) if such Acquisition involves the acquisition of Capital Stock, the consummation of such Acquisition has been recommended by the board of directors and management of the target of such Acquisition, and (D) if the total consideration, cash or non-cash, paid or payable for such Acquisition is greater than $25,000,000, prior to the consummation of such Acquisition, the Company shall deliver a satisfactory pro forma covenants compliance certificate to the Agent and the target of such Acquisition is in the same line of business as conducted by the Company as of the Effective Date or a line of business similar thereto or that supports such business, (v) other investments, loans and advances described on Schedule 5.2(h) hereto, and (vi) other investments, loans and advances in aggregate outstanding amount not to exceed an amount equal to 15% of Net Worth.

(i) Negative Pledge Limitation. Enter into any agreement with any Person other than the Agent and the Lenders pursuant hereto which prohibits or limits the ability of the Company or any of its Subsidiaries to create, incur, assume or suffer to exist any Lien upon any of its assets, rights, revenues or property, real, Personal or mixed, tangible or intangible, whether now owned or hereafter acquired, except for Permitted Liens or other restrictions contained in security agreements securing Indebtedness permitted hereby to the extent such provisions restrict the transfer of the property subject to such security agreements.

(j) Indebtedness and Contingent Liabilities of Non-Guarantors. Create, incur, assume or in any manner become liable in respect of or suffer to exist, any Indebtedness or Contingent Liabilities of any Subsidiaries that are not Guarantors other than (i) the Canadian Syndicated Loans and (ii) such other Indebtedness or Contingent Liabilities in aggregate outstanding amount not to exceed an amount equal to 10% of Net Worth.

(k) Dividends and Other Restricted Payments Make, pay, declare or authorize any dividend, payment or other distribution in respect of any class of its Capital Stock or any dividend, payment or distribution in connection with the redemption, purchase, retirement or other acquisition, directly or indirectly, of any shares of its Capital Stock if a Default or Event of Default exists or would be caused thereby. The Company will not issue any Disqualified Stock.

(l) Transactions with Affiliates. Make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliates (each of the foregoing, an "Affiliate Transaction") unless such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Subsidiary with an unrelated Person.

(m) Financial Contracts. Enter into or remain a party to any Financial Contract for purposes of financial speculation, provided that hedging by the Company or any of its Subsidiaries of their own interest rate or foreign currency exposure shall not be deemed financial speculation.

5.3 Additional Covenants. If at any time a Borrower shall enter into or be a party to any instrument or agreement, including all such instruments or agreements in existence as of the date hereof and all such instruments or agreements entered into after the date hereof, relating to or amending any provisions applicable to any of its Indebtedness which in the aggregate, together with any related Indebtedness, exceeds $17,500,000, which includes covenants or defaults not substantially provided for in this Agreement or more favorable to the lender or lenders thereunder than those provided for in this Agreement, then such Borrower shall promptly so advise the Agent and the Lenders. Thereupon, if the Agent or the Required Lenders shall request, upon notice to such Borrower, the Agent and the Lenders shall enter into an amendment to this Agreement or an additional agreement (as the Agent may request), providing for substantially the same covenants and defaults as those provided for in such instrument or agreement to the extent required and as may be selected by the Agent.

ARTICLE VI.
DEFAULT

6.1 Events of Default. The occurrence of any one of the following events or conditions shall be deemed an "Event of Default" hereunder unless waived by the Required Lenders pursuant to Section 8.1:

(a) Nonpayment of Principal. A Borrower shall fail to pay when due any principal of the Advances or any reimbursement obligation under Section 3.3; or

(b) Nonpayment of Interest. A Borrower shall fail to pay when due any interest or any fees or any other amount payable hereunder and such failure shall remain unremedied for three Business Days; or

(c) Misrepresentation. Any representation or warranty made by a Borrower or any Guarantor in this Agreement, any other Loan Document or any other certificate, report, financial statement or other document furnished by or on behalf of a Borrower or any Guarantor in connection with this Agreement shall prove to have been incorrect in any material respect when made or deemed made; or

(d) Certain Covenants. A Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.1(d)(i) or 5.2 hereof; or

(e) Other Defaults. A Borrower or any Guarantor shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or any other Loan Document, and any such failure shall remain unremedied for 30 calendar days (or 10 days in the case of any failure to perform or observe the covenants contained in Sections 5.2(d)(ii), (iii) or (iv)) after notice thereof shall have been given to such Borrower or such Guarantor, as the case may be, by the Agent; or

(f) Cross Default. The Company or any of its Subsidiaries shall fail to pay any part of the principal of, the premium, if any, or the interest on, or any other payment of money due under any of its Indebtedness (other than Indebtedness hereunder), beyond any period of grace provided with respect thereto, which individually or together with other such Indebtedness as to which any such failure exists has an aggregate outstanding principal amount in excess of $5,000,000; or if the Company or any of its Subsidiaries fails to perform or observe any other term, covenant or agreement contained in any agreement, document or instrument evidencing or securing any such Indebtedness having such aggregate outstanding principal amount, or under which any such Indebtedness was issued or created, beyond any period of grace, if any,

provided with respect thereto, or any other event shall occur or condition exist, the effect of which failure to observe or perform or the occurrence of such event or condition is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity or declared to be due and payable or required to be prepaid or repurchased prior to the stated maturity thereof; provided, however, that an Event of Default shall not be deemed to have occurred under this Section 6.1(f) if any of the foregoing events occurs only with respect to Subsidiaries which are not wholly owned Subsidiaries of the Company or Guarantors and if all such non wholly owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary but the Company shall provide notice to the Agent of the occurrence of any such event described in this proviso; or

(g) Judgments. One or more judgments or orders for the payment of money in an aggregate amount of $5,000,000 shall be rendered against the Company or any of its Subsidiaries, or any other judgment or order (whether or not for the payment of money) shall be rendered against or shall affect the Company or any of its Subsidiaries which causes or could cause a Material Adverse Effect, and either (i) such judgment or order shall have remained unsatisfied or uninsured for a period of 30 days and the Company or such Subsidiary shall not have taken action necessary to stay enforcement thereof by reason of pending appeal or otherwise, prior to the expiration of the applicable period of limitations for taking such action or, if such action shall have been taken, a final order denying such stay shall have been rendered, or (ii) enforcement proceedings shall have been commenced by any creditor upon any such judgment or order; provided, however, that an Event of Default shall not be deemed to have occurred under this Section 6.1(g) if any of the foregoing events occurs only with respect to Subsidiaries which are not wholly owned Subsidiaries of the Company or Guarantors and if all such non wholly owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; or

(h) ERISA. The occurrence of a Reportable Event that results in or could result in liability in excess of $5,000,000 of the Company, any Subsidiary of the Company or their ERISA Affiliates to the PBGC or to any Plan and such Reportable Event is not corrected within thirty (30) days after the occurrence thereof; or the occurrence of any Reportable Event which could constitute grounds for termination of any Plan of the Company, its Subsidiaries or their ERISA Affiliates by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer any such Plan and such Reportable Event is not corrected within thirty (30) days after the occurrence thereof; or the filing by the Company, any Subsidiary of the Company or any of their ERISA Affiliates of a notice of intent to terminate a Plan or the institution of other proceedings to terminate a Plan; or the Company, any Subsidiary of the Company or any of their ERISA Affiliates shall fail to pay when due any liability to the PBGC or to a Plan; or the PBGC shall have instituted proceedings to terminate, or to cause a trustee to be appointed to administer, any Plan of the Company, its Subsidiaries or their ERISA Affiliates; or any Person engages in a Prohibited Transaction with respect to any Plan which results in or could result in liability of the Company, any Subsidiary of the Company, any of their ERISA Affiliates, any Plan of the Company, its Subsidiaries or their ERISA Affiliates or fiduciary of any such Plan; or failure by the Company, any Subsidiary of the Company or any of their ERISA Affiliates to make a required installment or other payment to any Plan within the meaning of Section 302(f) of ERISA or Section 412(n) of the Code that results in or could result in liability in excess of $5,000,000 of the Company, any Subsidiary of the Company or any of their ERISA Affiliates to the PBGC or any Plan; or the withdrawal of the Company, any of its Subsidiaries or any of their ERISA Affiliates from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(9a)(2) of ERISA; or the Company, any of its Subsidiaries or any of their ERISA Affiliates becomes an employer with respect to any Multiemployer Plan without the prior written consent of the Required Lenders; provided, however, that this Section 6.1(h) shall apply only to events or occurrences which, when aggregated with all other events and occurrences described in this Section 6.1(h), could result in liability to the Company or its Subsidiaries greater than $5,000,000; or

(i) Insolvency, Etc. The Company or any of its Subsidiaries shall be dissolved or liquidated (or any judgment, order or decree therefor shall be entered), or shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or shall institute, or there shall be instituted against the Company or any of its Subsidiaries, any proceeding or case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or seeking the entry of an order for relief, or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets, rights, revenues or property, and, if such proceeding is instituted against the Company or such Subsidiary and is being contested by the Company or such Subsidiary, as the case may be, in good faith by appropriate proceedings, such proceeding shall remain undismissed or unstayed for a period of 60 days; or the Company or such Subsidiary shall take any action (corporate or other) to authorize or further any of the actions described above in this subsection; provided, however, that an Event of Default shall not be deemed to have occurred under this Section 6.1(i) if any of the foregoing events occurs only with respect to Subsidiaries which are not wholly owned Subsidiaries of the Company or Guarantors and if all such non wholly owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; or

(j) Change of Control. The occurrence of any Change of Control; or

(k) Guaranties. Any Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of any Guaranty to which it is a party, or any Guarantor shall deny that it has any further liability under any Guaranty to which it is a party, or shall give notice to such effect; or

(l) Pledge Agreements. Any Pledge Agreement shall for any reason fail to create a valid and perfected first priority security interest in any collateral purported to be covered thereby, or any Pledge Agreement shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Pledge Agreement, or any Obligor shall fail to comply with any of the terms or provisions of any Pledge Agreement.

6.2 Remedies. (a) Upon the occurrence and during the continuance of any Event of Default, the Agent upon being directed to do so by the Required Lenders, shall by notice to the Borrowers (i) terminate the Commitments or (ii) declare the outstanding principal of, and accrued interest on, the Notes and Advances and all other amounts owing under this Agreement to be immediately due and payable, or (iii) demand immediate delivery of cash collateral, and the Borrowers agree to deliver such cash collateral upon demand, in an amount equal to the maximum amount that may be available to be drawn at any time prior to the stated expiry of all outstanding Letters of Credit, or any one or more of the foregoing, whereupon the Commitments shall terminate forthwith and all such amounts, including cash collateral, shall become immediately due and payable, provided that in the case of any event or condition described in Section 6.1(i) with respect to the Borrowers, the Commitments shall automatically terminate forthwith and all such amounts, including cash collateral, shall automatically become immediately due and payable without notice; in all cases without demand, presentment, protest, diligence, notice of dishonor or other formality, all of which are hereby expressly waived. Such cash collateral delivered in respect of outstanding Letters of Credit shall be deposited in a special cash collateral account to be held by the Agent as collateral security for the payment and performance of the Borrowers' obligations under this Agreement to the Lenders and the Agent.

(b) The Agent upon being directed to do so by the Required Lenders, shall, in addition to the remedies provided in Section 6.2(a), exercise and enforce any and all other rights and remedies available to it or the Lenders, whether arising under the Loan Documents or under applicable law, in any manner deemed appropriate by the Agent, including suit in equity, action at law, or other appropriate proceedings, whether for the specific performance (to the extent permitted by law) of any covenant or agreement contained in the Loan Documents or in aid of the exercise of any power granted in the Loan Documents.

(c) Upon the occurrence and during the continuance of any Event of Default, each Lender may at any time and from time to time exercise any of its rights of set off or bankers lien that it may possess by common law or statute without prior notice to the Borrowers, provided that each Lender may also set off against any deposit whether or not it is then matured. Each Lender agrees to promptly notify the Borrowers after any such setoff and application, provided that the failure to give such notice shall not effect the validity of such setoff and application. The rights of such Lender under this Section 6.2(c) are in addition to other rights and remedies which such Lender may have.

(d) All proceeds of any realization on the collateral pursuant to the Pledge Agreements and any payments received by the Agent or any Lender pursuant to the Guaranties subsequent to and during the continuance of any Event of Default, subject to any Intercreditor Agreement, shall be allocated and distributed by the Agent as follows:

(i) First, to the payment of all reasonable costs and expenses, including without limitation all reasonable attorneys' fees, of the Agent in connection with the enforcement of the Pledge Agreement and the Guaranties and otherwise administering this Agreement;

(ii) Second, to the payment of all fees required to be paid under any Loan Document including facility fees, owing to the Lenders and Agent pursuant to the Lender Obligations on a pro rata basis in accordance with the Lender Obligations consisting of fees owing to the Lenders and Agent under the Lender Obligations, for application to payment of such liabilities;

(iii) Third, to the Lenders and Agent on a pro rata basis in accordance with the Lender Obligations consisting of interest owing to the Lenders and Agent under the Lender Obligations, and obligations and liabilities relating to Rate Hedging Agreements owing to the Lenders and the Agent under the Lender Obligations for application to payment of such liabilities;

(iv) Fourth, to the Lenders and the Agent on a pro rata basis in accordance with the Lender Obligations consisting of principal (including without limitation any cash collateral for any outstanding Letters of Credit), for application to payment of such liabilities;

(v) Fifth, to the payment of any and all other amounts owing to the Lenders and the Agent and secured by the Pledge Agreements on a pro rata basis in accordance with the total amount of such Indebtedness owing to each of the Lenders and the Agent, for application to payment of such liabilities; and

(vi) Sixth, to the applicable Borrower, their Subsidiaries or such other Person as may be legally entitled thereto.

For the purposes of the above payments and distributions, the full amount of Lender Obligations on account of any Letter of Credit then outstanding but not drawn upon shall be deemed to be then due and owing.

Amounts distributable to the Lenders or Agent on account of such Lender Obligations under such Letters of Credit shall be deposited in a separate collateral account in the name of and under the control of the Agent and held by the Agent first as security for such Letter of Credit Lender Obligations and then as security for all other Lender Obligations and the amount so deposited shall be applied to the Letter of Credit Lender Obligations at such times and to the extent that such Letter of Credit Lender Obligations become absolute liabilities and if and to the extent that the Letter of Credit Lender Obligations fail to become absolute Lender Obligations because of the expiration or termination of the underlying Letters of Credit without being drawn upon then such amounts shall be applied to the remaining Lender Obligations in the order provided in this Section 6.2(d). The Company hereby grants to the Agent, for the benefit of the Lenders and Agent, a lien and security interest in all such funds deposited in such separate collateral account, as security for all the Lender Obligations as set forth above.

(e) Notwithstanding anything herein to the contrary, no payments of principal, interest or fees delivered to the Agent for the account of any Defaulting Lender shall be delivered by the Agent to such Defaulting Lender. Instead, such payments shall, for so long as such Defaulting Lender shall be a Defaulting Lender, be held by the Agent, and the Agent is hereby authorized and directed by all parties hereto to hold such funds in escrow and apply such funds as follows:

(i) First, if applicable to any payments due from such Defaulting Lender to the Agent, and

(ii) Second, Loans required to be made by such Defaulting Lender on any borrowing date to the extent such Defaulting Lender fails to make such Loans.

Notwithstanding the foregoing, upon the termination of all Commitments and the payment and performance of all of the Advances and other obligations owing hereunder (other than those owing to a Defaulting Lender), any funds then held in escrow by the Agent pursuant to the preceding sentence shall be distributed to each Defaulting Lender, pro rata in proportion to amounts that would be due to each Defaulting Lender but for the fact that it is a Defaulting Lender.

ARTICLE VII.
THE AGENT AND THE LENDERS

7.1 Appointment; Nature of Relationship. Bank One, NA is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article VII. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is a "representative" of the Lenders within the meaning of the term "secured party" as defined in the Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

7.2 Powers. The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent.

7.3 General Immunity. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Borrowers, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

7.4 No Responsibility for Loans, Recitals, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any Obligor under any Loan Document, including, without limitation, any agreement by an Obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article II; (d) the existence or possible existence of any Default or Event of Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of any Borrower or any Guarantor of any of the Lender Obligations or of any such Borrowers' or any such Guarantor's respective Subsidiaries. The Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrowers to the Agent at such time, but is voluntarily furnished by the Borrowers to the Agent (either in its capacity as Agent or in its individual capacity).

7.5 Action on Instructions of Lenders. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

7.6 Employment of Agents and Counsel. The Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Agent and the Lenders and all matters pertaining to the Agent's duties hereunder and under any other Loan Document.

7.7 Reliance on Documents; Counsel. The Agent shall be entitled to rely upon any notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

7.8 Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Borrowers for which the Agent is entitled to reimbursement by the Borrowers under the Loan Documents, (ii) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent. The obligations of the Lenders under this Section 7.8 shall survive payment of the Lender Obligations and termination of this Agreement.

7.9 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Agent has received written notice from a Lender or the Company referring to this Agreement describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders.

7.10 Rights as a Lender. In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Loans as any Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with a Borrower or any of its Subsidiaries in which such Borrower or such Subsidiary is not restricted hereby from engaging with any other Person.

7.11 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrowers and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

7.12 Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrowers, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. The Agent may be removed at any time with or without cause by written notice received by the Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Borrowers and the Lenders, a successor Agent, provided that, if no Default or Event of Default has occurred and is continuing, such appointment shall be made in consultation with the Borrowers. If no successor Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of the Borrowers and the Lenders, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of the Borrowers or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Agent hereunder. If the Agent has resigned or been removed and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and the Borrowers shall make all payments in respect of the Lender Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least $100,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Agent. Upon the effectiveness of the resignation or removal of the Agent, the resigning or removed Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Agent, the provisions of this Article VII shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Agent by merger, or the Agent assigns its duties and obligations to an Affiliate pursuant to this Section 7.12, then the term "Prime Rate" as used in this Agreement shall mean the base rate, prime rate or other analogous rate of the new Agent.

7.13 Delegation to Affiliates. The Borrowers and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under the Loan Documents.

7.14 Sharing of Payments. The Lenders agree among themselves that, in the event that any Lender shall obtain payment in respect of any Advance or any other obligation owing to the Lenders under this Agreement (other than payments received pursuant to Section 3.7, payments of principal or interest on Bid-Option Loans at a time when no Event of Default or Default is continuing, pro rata payments of principal or interest to all Canadian Lenders on Canadian Syndicated Loans at a time when no Event of Default or Default is continuing and pro rata payments of principal or interest to all U.S. Lenders on U.S. Syndicated Loans at a time when no Event of Default or Default is continuing) through the exercise of a right of set-off, banker's lien, counterclaim or otherwise in excess of its ratable share of payments received by all of the Lenders on account of the Advances and other obligations (or if no Advances are outstanding, ratably according to the respective amounts of the Commitments), such Lender shall promptly purchase from the other Lenders participations in such Advances and other obligations in such amounts, and

make such other adjustments from time to time, as shall be equitable to the end that all of the Lenders share such payment in accordance with such ratable shares. The Lenders further agree among themselves that if payment to a Lender obtained by such Lender through the exercise of a right of set-off, banker's lien, counterclaim or otherwise as aforesaid shall be rescinded or must otherwise be restored, each Lender which shall have shared the benefit of such payment shall, by repurchase of participations theretofore sold, return its share of that benefit to each Lender whose payment shall have been rescinded or otherwise restored. The Borrowers agree that any Lender so purchasing such a participation may, to the fullest extent permitted by law, exercise all rights of payment, including set-off, banker's lien or counterclaim, with respect to such participation as fully as if such Lender were a holder of such Advance or other obligation in the amount of such participation. The Lenders further agree among themselves that, in the event that amounts received by the Lenders and the Agent hereunder are insufficient to pay all such obligations or insufficient to pay all such obligations when due, the fees and other amounts owing to the Agent in such capacity shall be paid therefrom before payment of obligations owing to the Lenders under this Agreement. Except as otherwise expressly provided in this Agreement, if any Lender or the Agent shall fail to remit to the Agent or any other Lender an amount payable by such Lender or the Agent to the Agent or such other Lender pursuant to this Agreement on the date when such amount is due, such payments shall be made together with interest thereon for each date from the date such amount is due until the date such amount is paid to the Agent or such other Lender at a rate per annum equal to the rate at which borrowings are available to the payee in its overnight federal funds market. It is further understood and agreed among the Lenders and the Agent that if the Agent or any Lender shall engage in any other transactions with the Borrowers and shall have the benefit of any collateral or security therefor which does not expressly secure the obligations arising under this Agreement except by virtue of a so-called dragnet clause or comparable provision, the Agent or such Lender shall be entitled to apply any proceeds of such collateral or security first in respect of the obligations arising in connection with such other transaction before application to the obligations arising under this Agreement.

7.15 Execution of Collateral Documents. The Lenders hereby empower and authorize the Agent to execute and deliver to the Obligors on their behalf the Pledge Agreements and all related documents or instruments as shall be necessary or appropriate to effect the purposes of the Pledge Agreements. The Lenders further empower and authorize the Agent to execute and deliver on their behalf the Intercreditor Agreement and all related documents or instruments as shall be necessary or appropriate to effect the purposes of the Intercreditor Agreement, provided that the form of the Intercreditor Agreement has been approved by the Required Lenders, and each Lender shall be bound by the terms and provisions of the Intercreditor Agreement so executed by the Agent.

7.16 Collateral Releases. The Lenders hereby empower and authorize the Agent to execute and deliver to the Obligors on their behalf any agreements, documents or instruments as shall be necessary or appropriate to effect any releases of collateral which shall be permitted by the terms hereof, including without limitation any collateral held under the Pledge Agreements which is permitted to be sold under the terms of this Agreement, or of any other Loan Document or which shall otherwise have been approved by the Required Lenders (or, if required, all of the Lenders) in writing.

7.17 Co-Agents, Syndication Agent, Documentation Agent, etc. Neither any of the Lenders identified in this Agreement or otherwise as a "co-agent" nor the Syndication Agent nor the Documentation Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Agent in Section 7.11.

ARTICLE VIII.
MISCELLANEOUS

8.1 Amendments, Etc. (a) No amendment, modification, termination or waiver of any provision of this Agreement nor any consent to any departure therefrom shall be effective unless the same shall be in writing and signed by the Borrowers and the Required Lenders and, to the extent any rights or duties of the Agent may be affected thereby, the Agent, and to the extent the obligations of the Canadian Lenders are affected thereby, the Required Canadian Lenders, provided, however, that no such amendment, modification, termination, waiver or consent shall, without the consent of the Agent and each Lender affected, (i) authorize or permit the extension of time for, or any reduction of the amount of, any payment of the principal of, or interest on, the Notes or any Letter of Credit reimbursement obligation, or any fees or other amount payable hereunder, (ii) except as provided herein, increase the respective Commitment of any Lender or modify the provisions of this Section regarding the taking of any action under this Section or the definition of Required Lenders or Required Canadian Lenders, (iii) provide for the discharge of any Guarantor except as a result of a transaction otherwise permitted by this Agreement, or (iv) provide for the release of all or substantially all of the collateral subject to the Pledge Agreements except as a result of a transaction otherwise permitted by this Agreement.

(b) Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(c) Notwithstanding anything herein to the contrary, no Defaulting Lender shall be entitled to vote (whether to consent or to withhold its consent) with respect to any amendment, modification, termination or waiver of any provision of this Agreement or any departure therefrom or any direction from the Lenders to the Agent, and, for purposes of determining the Required Lenders at any time when any Lender is in default under this Agreement, the Commitments and Advances of such defaulting Lenders shall be disregarded.

(d) In addition to the above, the Company may change the Canadian Borrower (provided that it qualifies as a Canadian Borrower under the provisions of the definitions of those terms) hereto at any time upon (i) the execution and delivery by the Company, the existing Canadian Borrower, the new Canadian Borrower and the Agent of a joinder and assumption agreement in form satisfactory to the Agent providing for such Subsidiary to become the Canadian Borrower, (ii) the execution and delivery by the Company of a Guaranty, or the confirmation of the existing Guaranty, with respect to such new Canadian Borrower, (iii) the delivery to the Agent of such legal opinions, resolutions and corporate documents as requested by the Agent, (iv) the delivery of such other documents with respect thereto as the Agent shall reasonably request and (v) the written approval of the Agent.

8.2 Notices. (a) Except as otherwise provided in Section 8.2(c) hereof, all notices and other communications hereunder shall be sent to the Borrowers at 2801 East Beltline NE, Grand Rapids, Michigan 49505, Attention: Chief Financial Officer, Facsimile No. 616-364-3136, to the Agent and the Lenders at the respective addresses and numbers for notices set forth on the signatures pages hereof, or to such other address as may be designated by the Borrowers, the Agent or any Lender by notice to the other parties hereto. All notices and other communications shall be deemed to have been given at the time of actual delivery thereof to such address, or if sent by certified or registered mail, postage prepaid, to such address, on the third day after the date of mailing, or if deposited prepaid with Federal Express or other nationally

recognized overnight delivery service prior to the deadline for next day delivery, on the Business Day next following such deposit, provided, however, that notices to the Agent shall not be effective until received.

(b) Notices by any Borrower to the Agent with respect to terminations or reductions of the Commitments pursuant to Section 2.4, requests for Advances pursuant to Section 2.6, requests for continuations or conversions of Loans pursuant to Section 2.9 and notices of prepayment pursuant to Section 3.1 shall be irrevocable and binding on such Borrower.

(c) Any notice to be given by the Borrowers to the Agent pursuant to Sections 2.6 or 2.9 and any notice to be given by the Agent or any Lender hereunder, may be given by telephone, and all such notices given by the Borrowers must be immediately confirmed in writing in the manner provided in Section 8.2(a). Any such notice given by telephone shall be deemed effective upon receipt thereof by the party to whom such notice is to be given.

8.3 No Waiver By Conduct; Remedies Cumulative. No course of dealing on the part of the Agent or any Lender, nor any delay or failure on the part of the Agent or any Lender in exercising any right, power or privilege hereunder shall operate as a waiver of such right, power or privilege or otherwise prejudice the Agent's or such Lender's rights and remedies hereunder; nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. No right or remedy conferred upon or reserved to the Agent or any Lender under this Agreement or the Loan Documents is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative, and in addition to every other right or remedy granted thereunder or now or hereafter existing under any applicable law. Every right and remedy granted by the Loan Documents or by applicable law to the Agent or any Lender may be exercised from time to time and as often as may be deemed expedient by the Agent or any Lender and, unless contrary to the express provisions of the Loan Documents, irrespective of the occurrence or continuance of any Default or Event of Default.

8.4 Reliance on and Survival of Various Provisions. All terms, covenants, agreements, representations and warranties of the Borrowers or any Guarantor made herein, in any Guaranty or in any certificate, report, financial statement or other document furnished by or on behalf of the Borrowers or any Guarantor in connection with this Agreement shall be deemed to be material and to have been relied upon by the Lenders, notwithstanding any investigation heretofore or hereafter made by any Lender or on such Lender's behalf, and those covenants and agreements of the Borrowers set forth in Sections 3.7, 3.9 and 8.5 hereof shall survive the repayment in full of the Advances and the termination of the Commitments for a period of one year from such repayment or termination.

8.5 Expenses. (a) The Borrowers agree to pay, or reimburse the Agent for the payment of, on demand, (i) the reasonable fees and expenses of counsel to the Agent, including without limitation the reasonable fees and expenses of Dickinson Wright PLLC in connection with the preparation, execution, delivery and administration of the Loan Documents and the consummation of the transactions contemplated hereby, and in connection with advising the Agent as to its rights and responsibilities with respect thereto, and in connection with any amendments, waivers or consents in connection therewith, and (ii) all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing or recording of the Loan Documents and the consummation of the transactions contemplated hereby, and any and all liabilities with respect to or resulting from any delay in paying or omitting to pay such taxes or fees, and (iii) all reasonable costs and expenses of the Agent and any Lender (including without limitation reasonable fees and expenses of counsel, including without limitation counsel who are employees of the Agent or any Lender, and whether incurred through negotiations, legal proceedings or otherwise) in

connection with any Default or Event of Default or the enforcement of, or the exercise or preservation of any rights under, the Loan Documents, and (iv) all reasonable costs and expenses of the Agent and the Arranger, whether incurred prior to or subsequent to the Effective Date, in investigation, preparation, negotiation, documentation, syndication, administration and collection, for the account of the Borrowers, including without limitation expenses of and fees for advisors and professionals engaged by the Agent or the Arranger, and (v) all reasonable costs and expenses of the Agent and the Lenders (including reasonable fees and expenses of counsel) in connection with any action or proceeding relating to a court order, injunction or other process or decree restraining or seeking to restrain the Agent from paying any amount under, or otherwise relating in any way to, any Letter of Credit and any and all costs and expenses which any of them may incur relative to any payment under any Letter of Credit.

(b) The Company hereby indemnifies and agrees to hold harmless the Lenders and the Agent, and their respective officers, directors, employees, agents and advisors, harmless from and against any and all claims, damages, losses, liabilities, costs or expenses of any kind or nature whatsoever which the Lenders or the Agent or any such Person may incur or which may be claimed against any of them by reason of or in connection with any Letter of Credit, and neither any Lender nor the Agent or any of their respective officers, directors, employees or agents shall be liable or responsible for: (i) the use which may be made of any Letter of Credit or for any acts or omissions of any beneficiary in connection therewith; (ii) the validity, sufficiency or genuineness of documents or of any endorsement thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by the Agent to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of any Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; (iv) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit; or (v) any other event or circumstance whatsoever arising in connection with any Letter of Credit; provided, however, that the Company shall not be required to indemnify the Lenders and the Agent and such other Persons, and the Agent shall be liable to the Company to the extent, but only to the extent, of any direct, as opposed to consequential or incidental, damages suffered by the Company which were caused by (A) the Agent's wrongful dishonor of any Letter of Credit after the presentation to it by the beneficiary thereunder of a draft or other demand for payment and other documentation strictly complying with the terms and conditions of such Letter of Credit, to the extent, but only to the extent, that such dishonor constitutes gross negligence or willful misconduct of the Agent as determined by a final non-appealable order of a court of competent jurisdiction, or (B) the Agent's payment to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of the Letter of Credit, to the extent, but only to the extent, that such payment constitutes gross negligence or willful misconduct of the Agent as determined by a final non-appealable order of a court of competent jurisdiction. It is understood that in making any payment under a Letter of Credit the Agent will rely on documents presented to it under such Letter of Credit as to any and all matters set forth therein without further investigation and regardless of any notice or information to the contrary, and such reliance and payment against documents presented under a Letter of Credit substantially complying with the terms thereof shall not be deemed gross negligence or willful misconduct of the Agent in connection with such payment.

(c) Each Borrower agrees to indemnify each Lender, the Agent and each of their respective officers, directors, employees, agents and advisors (collectively, the "Indemnified Parties") and hold each Indemnified Party harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind at any time, including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by any Indemnified Party in connection with any investigative, administrative or judicial proceeding (whether or not such Indemnified Party shall be designated a party

thereto) (collectively, the "Indemnified Liabilities") at any time relating to (whether before or after the execution of this Agreement) any of the following:

(i) any actual or proposed use of the Advances hereunder by the Borrower or any of its Subsidiaries or any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Advance;

(ii) the entering into and performance of this Agreement and any other Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of the Borrower as the result of any determination by any Lender not to make any Advance);

(iii) any investigation, litigation or proceeding related to any Acquisition or proposed Acquisition by the Borrower or any of its Subsidiaries of all or any portion of the stock or assets of any Person or to the issuance of, or any other matter relating to, any Subordinated Debt, whether or not any Indemnified Party is a party thereto;

(iv) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to any release by such Borrower or any of its Subsidiaries of any hazardous material or any violations of Environmental Laws; or

(v) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by the Borrower or any Subsidiary thereof of any hazardous material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, the Borrower or such Subsidiary, except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the activities of the Indemnified Party on the property of the Borrower conducted subsequent to a foreclosure on such property by any Indemnified Party or by reason of the relevant Indemnified Party's gross negligence or willful misconduct or breach of this Agreement, and if and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The Borrower shall be obligated to indemnify the Indemnified Parties for all Indemnified Liabilities subject to and pursuant to the foregoing provisions, regardless of whether the Borrower or any of its Subsidiaries had knowledge of the facts and circumstances giving rise to such Indemnified Liability.

Provided that no Indemnified Party shall have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a final, non-appealable judgment of a court of competent jurisdiction.

8.6 Successors and Assigns. (a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that the Borrowers may not, without the prior consent of the Lenders, assign their respective rights or obligations hereunder or under the Loan Documents and the Lenders shall not be obligated to make any Advance hereunder to any entity other than the Borrowers.

(b) Any Lender may sell to any financial institution or institutions, and such financial institution or institutions may further sell, a participation interest (undivided or divided) in, the Loans and such Lender's rights and/or obligations under the Loan Documents, and to the extent of that participation interest such participant or participants shall have the same rights and benefits against the Borrowers under

Section 3.7, 3.9 and 6.2(c) as it or they would have had if such participant or participants were the Lender making the Loans to the Borrowers hereunder, provided, however, that (i) such Lender's obligations under this Agreement shall remain unmodified and fully effective and enforceable against such Lender, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of its Notes and Advances for all purposes of this Agreement, (iv) the Borrowers, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (v) such Lender shall not grant to its participant (other than any participant which is an Affiliate of such Lender) any rights to consent or withhold consent to any action taken by such Lender or the Agent under this Agreement other than action requiring the consent of all of the Lenders hereunder, and (vi) no participant shall be entitled to receive any greater amount pursuant to Sections 3.5, 3.7, 3.9 or 6.2(c) than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such participant had no such transfer occurred.

(c) The Agent from time to time in its sole discretion may appoint agents for the purpose of servicing and administering this Agreement and the transactions contemplated hereby and enforcing or exercising any rights or remedies of the Agent provided under the Loan Documents or otherwise. In furtherance of such agency, the Agent may from time to time direct that the Borrowers provide notices, reports and other documents contemplated by this Agreement (or duplicates thereof) to such agent. Each Borrower hereby consents to the appointment of such agent and agrees to provide all such notices, reports and other documents and to otherwise deal with such agent acting on behalf of the Agent in the same manner as would be required if dealing with the Agent itself.

(d) Each Lender may, with the prior consent of the Borrowers (which consent may not be unreasonably withheld or delayed and shall not be required upon the occurrence and during the continuance of any Event of Default or if such assignment is to another Lender or an Affiliate of a Lender) and the Agent, assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations, (ii) except in the case of an assignment of all of a Lender's rights and obligations under this Agreement, (A) the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $5,000,000, and in integral multiples of $1,000,000 thereafter, or such lesser amount as to which the Borrowers and the Agent may consent, and (B) after giving effect to each such assignment (unless the assignment is for the entire amount of such Lender's Commitment), the amount of the Commitment of the assigning Lender shall in no event be less than $5,000,000 or such lesser amount as to which the Borrowers and the Agent may consent, (iii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance in the form of Exhibit M hereto (an "Assignment and Acceptance"), together with any Note or Notes subject to such assignment and a processing and recordation fee of $3,500, and (iv) any Lender may without the consent of the Borrowers or the Agent, and without paying any fee, assign or sell a participation interest to any Affiliate of such Lender that is a bank or financial institution all or a portion of its rights and obligations under this Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations

under this Agreement (and, in the case of an Assignment and Acceptance covering all of the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(e) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrowers or the performance or observance by the Borrowers of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.6 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform and assume in accordance with their terms all of the obligations that by the terms of this Agreement and the other Loan Documents are required to be performed or assumed by it as a Lender.

(f) The Agent shall maintain at its address designated on the signature pages hereof a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(g) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrowers. Within five Business Days after its receipt of such notice, the Borrowers, at their own expense, shall execute and deliver to the Agent in exchange for the surrendered Note or Notes a new Note to the order of such assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit M hereto.

(h) The Borrowers shall not be liable for any costs or expenses of any Lender in effectuating any participation or assignment under this Section 8.6.

(i) The Lenders may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.6, disclose to the assignee or participant or proposed assignee or participant (each a "Transferee") any information relating to any Borrower or its Subsidiaries; provided that each Transferee agrees to be bound by the terms of Section 8.16.

(j) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in, or assign, all or any portion of its rights under this Agreement (including, without limitation, the Loans owing to it and the Note or Notes held by it) in favor of any Federal Reserve Lender in accordance with Regulation A of the Board of Governors of the Federal Reserve System; provided that such creation of a security interest or assignment shall not release such Lender from its obligations under this Agreement.

8.7 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

8.8 Governing Law. This Agreement is a contract made under, and shall be governed by and construed in accordance with, the law of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

8.9 Table of Contents and Headings. The table of contents and the headings of the various subdivisions hereof are for the convenience of reference only and shall in no way modify any of the terms or provisions hereof.

8.10 Construction of Certain Provisions. If any provision of this Agreement refers to any action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, whether or not expressly specified in such provision.

8.11 Integration and Severability. The Loan Documents embody the entire agreement and understanding among the Borrowers and the Agent and the Lenders, and supersede all prior agreements and understandings, relating to the subject matter hereof. In case any one or more of the obligations of the Borrowers under the Loan Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrowers shall not in any way be affected or impaired thereby, and such invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrowers under the Loan Documents in any other jurisdiction.

8.12 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any such covenant, the fact that it would be permitted by an exception to, or would be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or such condition exists.

8.13 Interest Rate Limitation. Notwithstanding any provisions of this Agreement or the Notes, in no event shall the amount of interest paid or agreed to be paid by the Borrowers exceed an amount

computed at the highest rate of interest permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision of this Agreement or the Notes at the time performance of such provision shall be due, shall involve exceeding the interest rate limitation validly prescribed by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligations to be fulfilled shall be reduced to an amount computed at the highest rate of interest permissible under applicable law, and if for any reason whatsoever any Lender shall ever receive as interest an amount which would be deemed unlawful under such applicable law such interest shall be automatically applied to the payment of principal of such Lender's Advances outstanding hereunder (whether or not then due and payable) and not to the payment of interest, or shall be refunded to the Borrowers if such principal and all other obligations of the Borrowers to such Lender have been paid in full.

8.14 Acknowledgments. Each Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) none of the Agent or any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Agent and the Lenders, on the one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders.

8.15 Submission To Jurisdiction; Waivers. Each Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of any United States federal or Michigan state court sitting in Detroit, Michigan and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at the address specified in Section 8.2, or at such other address of which the Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any special, exemplary, punitive or consequential damages.

8.16 Confidentiality. Each Lender agrees to hold any confidential information which it may receive from the Borrowers pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel, accountants, and other professional advisors to such Lender or Affiliate or to a Transferee, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law, regulation, or legal process, (v) to any Person in connection with any legal proceeding to which such Lender is a party, (vi) to such Lenders' direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, and (vii) permitted by Section 8.6(i).

8.17 WAIVER OF JURY TRIAL. THE LENDERS AND THE AGENT AND THE BORROWERS, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF ANY LOAN DOCUMENT OR ANY RELATED INSTRUMENT OR AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER OF THEM. NEITHER ANY LENDER, THE AGENT NOR THE BORROWERS SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY ANY PARTY HERETO EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY SUCH PARTY.

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

UNIVERSAL FOREST PRODUCTS, INC.

By:

Print Name:

Its:

UNIVERSAL FOREST PRODUCTS NOVA SCOTIA ULC

By:

Print Name:

Its:

Address for Notices:

611 Woodward Avenue
Detroit, Michigan 48226
Attention: Thomas Gamm
e-mail address:
thomas_gamm@bankone.com
Facsimile No.: 313-226-0855
Telephone No.: 313-225-2531

U.S. Commitment: $25,000,000
Canadian Commitment: $5,000,000

BANK ONE, NA, as a Lender and as Agent

By:

Print Name:

Its:

APPLICABLE LENDING OFFICE IN CANADA:

Address for Notices:

161 Bay Street
Suite 4240
Toronto Ontario M5J 2S1
Attention:

Telephone: (416) 365-8262
Telecopy: (416) 363-7574

BANK ONE, NA, CANADA BRANCH

By:

Print Name:

Its:

Address for Notices:

191 Peachtree Street, NE
Atlanta, GA 30303
Attention: Shawn Janko

Facsimile No.: 404-332-4136
Telephone No.: 404-332-5884
e-mail address: shawn.janko@wachovia.com

U.S. Commitment: $22,500,000
Canadian Commitment: $0

WACHOVIA BANK, NA, as a Lender and as Syndication Agent

By:

Print Name:

Its:

Address for Notices:

125 Ottawa Ave. N.W., Suite 270
Grand Rapids, MI 49503
Attention: Brian Janssen

Facsimile No.: 616-776-7770
Telephone No.: 616-776-3826
e-mail address: brian.janssen@abnamro.com

U.S. Commitment: $20,000,000
Canadian Commitment: $0

STANDARD FEDERAL BANK, NA, as a
Lender and as Documentation Agent

By: ----------

Print Name: ----------

Its: ----------

Address for Notices:

115 South LaSalle, 17W
Chicago, IL 60603

Attention: Betty Rutherford

Facsimile No.: 312-765-8105
Telephone No.: 312-461-7223
e-mail address:

BANK OF MONTREAL

By: ----------

Print Name: ----------

Its: ----------

U.S. Commitment: $18,500,000
Canadian Commitment: $5,000,000

APPLICABLE LENDING OFFICE IN CANADA:

Address for Notices:

100 King Street West
Toronto, Ontario M5X 1A1

Attention: Francois Archambault

Facsimile No.: 312-750-1790
Telephone No.: 312-750-4334

BANK OF MONTREAL

By: ----------

Print Name: ----------

Its: ----------

Address for Notices:

500 Woodward Avenue, 9th Floor
Detroit, MI 48226
Attention: Jeffrey J. Judge

Facsimile No.: 313-222-9514

Telephone No.: 313-222-3801
e-mail address: jjjudge@comerica.com

U.S. Commitment: $18,500,000
Canadian Commitment: $5,000,000

COMERICA BANK

By:

Print Name:

Its:

APPLICABLE LENDING OFFICE IN CANADA:

Address for Notices:

200 Bay Street, Ste. 2210, S. Tower
Toronto, Ontario M5J 2J2

Attention: Robert Rosen

Facsimile No.: 416-367-2460
Telephone No.:416-367-3113

COMERICA BANK, CANADA BRANCH

By:

Print Name:

Its:

Address for Notices:

127 Public Square
Cleveland, OH 44114
Attention: Mary K. Young

Facsimile No.: 216-689-4981
Telephone No.: 216-689-4443
e-mail address: mary_k_young@keybank.com

U.S. Commitment: $18,500,000
Canadian Commitment: $0

KEYBANK NATIONAL ASSOCIATION

By:

Print Name:

Its:

Address for Notices:

1001 South Worth
Birmingham, MI 48009-6943
Attention: Michael Hinz
e-mail address:
michael.hinz@nationalcity.com
Facsimile No.: 248-901-2033
Telephone No.: 248-901-2139

U.S. Commitment: $17,000,000
Canadian Commitment: $0

NATIONAL CITY BANK

By:

Print Name:

Its:

Address for Notices:

555 California Street, 12th Floor
San Francisco, CA 94104-1503
Attention: Kevin F. Sullivan

Facsimile No.: 415-622-4585
Telephone No.: 415-622-4567
e-mail address:
kevin.f.sullivan@bankofamerica.com

U.S. Commitment: $15,000,000
Canadian Commitment: $0

BANK OF AMERICA

By:

Print Name:

Its:

Address for Notices:

111 Lyon Street, N.W.
Grand Rapids, MI 49503
Attention: Robert Jamula

Facsimile No.: 616-771-4641
Telephone No.: 616-771-5516
e-mail address: robert.jamula@53.com

U.S. Commitment: $15,000,000
Canadian Commitment: $0

FIFTH THIRD BANK

By:

Print Name:

Its:

Address for Notices:

50 Monroe Avenue NW
Grand Rapids, MI 49506
Attention: Steven Gerow

Facsimile No.: 616-771-6285
Telephone No.: 616-235-8138
e-mail address:
steven.gerow@huntington.com

U.S. Commitment: $15,000,000
Canadian Commitment: $0

HUNTINGTON NATIONAL BANK

By:

Print Name:

Its:

Address for Notices:

618 Kenmoor SE, Ste. 110
Grand Rapids, MI 49546
Attention: Donald Van Dine

Facsimile No.: 616-575-5810
Telephone No.: 616-575-5700
e-mail address:
donald.vandine@providentbank.com

U.S. Commitment: $15,000,000
Canadian Commitment: $0

PROVIDENT BANK

By:

Print Name:

Its:

EXHIBIT A

BID-OPTION NOTE

November 25, 2002

Detroit, Michigan

For value received, Universal Forest Products, Inc., a Michigan corporation (the "Company"), unconditionally promises to pay to the order of _____ (the "Lender"), the unpaid principal amount of each Bid-Option Loan made by the Lender to the Company pursuant to the Credit Agreement referred to below, on the last day of the Interest Period relating to such Loan. The Company further promises to pay interest on the aggregate unpaid principal amount of such Bid-Option Loans on the dates and at the rates negotiated as provided in the Credit Agreement. All such payments of principal and interest with respect to Bid-Option Loans shall be made in U.S. Dollars in Same Day Funds at the Agent's principal office in Detroit, Michigan.

The Lender is hereby authorized by the Company to record on the schedule attached to this Bid-Option Note, or on its books and records, the date, amount and type of each Bid-Option Loan, the duration of the related Interest Period (if applicable), the amount of each payment or prepayment of principal thereon and the other information provided for on such schedule, which schedule or such books and records, as the case may be, shall constitute prima facie evidence of the information so recorded, provided, however, that any failure by the Lender to record any such information shall not relieve the Company of its obligation to repay the outstanding principal amount of such Bid-Option Loans, all accrued interest thereon and any amount payable with respect thereto in accordance with the terms of this Bid-Option Note and the Credit Agreement.

The Company and each endorser or guarantor hereof waives demand, presentment, protest, diligence, notice of dishonor and any other formality in connection with this Bid-Option Note. Should the indebtedness evidenced by this Bid-Option Note or any part thereof be collected in any proceeding or be placed in the hands of attorneys for collection, the Company agrees to pay, in addition to the principal, interest and other sums due and payable hereon, all costs of collecting this Bid-Option Note, including attorneys' fees and expenses (including without limitation allocated costs and expenses of attorneys who are employees of the Lender).

This Bid-Option Note evidences one or more Bid-Option Loans made under the Credit Agreement, dated as November , 2002, as amended, supplemented or otherwise modified from time to time (the "Credit Agreement"), by and among the Company, the Canadian Borrower, the lenders party thereto from time to time (including the Lender), Bank One, NA, as Agent, Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent, to which reference is hereby made for a statement of the circumstances under which this Bid-Option Note is subject to prepayment and under which its due date may be accelerated. Capitalized terms used but not defined in this Bid-Option Note shall have the respective meanings ascribed thereto in the Credit Agreement.

This Bid-Option Note is made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

UNIVERSAL FOREST PRODUCTS, INC.

By:

Print Name:

Its:

Schedule to Bid-Option Note, dated November _____, 2002,
payable by Universal Forest Products, Inc. to the order of _____

Principal Trans-action	Amount of Principal Made	Type of Loan	Bid-Option Loan*	Bid-Option Rate	Interest Period	Interest Paid	Principal Or Prepaid	Balance Outstanding	By

* A - Bid-Option Absolute Rate

E - Bid-Option Eurocurrency Rate

EXHIBIT B

GUARANTY AGREEMENT

PARTIES

THIS GUARANTY AGREEMENT, dated as of November 25, 2002 (this "Guaranty"), is made by UNIVERSAL FOREST PRODUCTS, INC., a Michigan corporation (the "Company"), UNIVERSAL FOREST PRODUCTS INDIANA LIMITED PARTNERSHIP, a Michigan limited partnership ("Universal Indiana"), UNIVERSAL FOREST PRODUCTS TEXAS LIMITED PARTNERSHIP, a Michigan limited partnership ("Universal Texas"), UNIVERSAL FOREST PRODUCTS HOLDING COMPANY, INC., a Michigan corporation ("Universal Holding"), UNIVERSAL FOREST PRODUCTS WESTERN DIVISION, INC., a Michigan corporation ("Universal Western"), SHOFFNER HOLDING COMPANY, INC., a Michigan corporation ("Shoffner Holding"), UNIVERSAL FOREST PRODUCTS EASTERN DIVISION, INC., a Michigan corporation ("Universal Eastern"), UNIVERSAL FOREST PRODUCTS SHOFFNER LLC, a Michigan limited liability company ("Shoffner LLC"), UNIVERSAL TRUSS, INC., a Michigan corporation ("Universal Truss"), UNIVERSAL FOREST PRODUCTS RECLAMATION CENTER, INC., a Michigan corporation ("Universal Reclamation"), UNIVERSAL FOREST PRODUCTS OF MODESTO L.L.C., a Michigan limited liability company ("Universal Modesto"), TRESSTAR, LLC, a Michigan limited liability company ("Tresstar"), UFP VENTURES, INC., a Michigan corporation ("UFP Ventures"), CONSOLIDATED BUILDING COMPONENTS, INC., a Pennsylvania corporation ("Consolidated Building"), UFP REAL ESTATE, INC., a Michigan corporation ("UFP Real Estate"), SYRACUSE REAL ESTATE, LLC, a Michigan limited liability company ("Syracuse Real Estate"), and UFP VENTURES II, INC., a Michigan corporation ("UFP Ventures II", and together with the Company, Universal Indiana, Universal Texas, Universal Holding, Universal Western, Shoffner Holding, Universal Eastern, Shoffner LLC, Universal Truss, Universal Reclamation, Universal Modesto, Tresstar, UFP Ventures, Consolidated Building, UFP Real Estate, and Syracuse Real Estate, collectively referred to as the "Guarantors") in favor of each of the Lenders as defined below.

RECITALS

A. The Company and the Canadian Borrower (collectively referred to as the "Borrowers", and individually as a "Borrower"), the lenders party thereto from time to time (such lenders, together with any other lenders now or hereafter parties to the Credit Agreement as defined below, collectively referred to as the "Banks"), Bank One, NA, as agent for the Banks (in such capacity, together with any successor agent, the "Agent"), Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent, have executed a Credit Agreement dated as November 25, 2002 (as amended or modified from time to time, and together with any agreement executed in replacement therefor or otherwise refinancing such credit agreement, the "Credit Agreement"), and the Borrowers have issued their promissory notes pursuant to the Credit Agreement (as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor or otherwise issued pursuant to the Credit Agreement, the "Notes", and the Credit Agreement, the Notes and all other agreements and instruments among the Borrowers, the Agent and the Banks, or any of them, executed in connection therewith, including without limitation any Rate Hedging Agreements relating to the Credit Agreement, whether now or hereafter executed, and any supplements or modifications thereof and any agreements or instruments issued in exchange or replacement therefor, collectively referred to as the "Agreements").

B. Pursuant to the terms of the Agreements the Banks have agreed to make certain extensions of credit to the Borrowers.

C. Each Guarantor, other than the Company, is a Domestic Subsidiary of the Company or the Canadian Borrower, the Canadian Borrower, the Company, and the other Guarantors are engaged in related businesses, and the Guarantors have derived or will derive substantial direct and indirect benefit from the making of the extensions of credit by the Banks.

D. The obligation of the Banks to make or continue to make certain extensions of credit under the Credit Agreement are conditioned upon, among other things, the execution and delivery by the Guarantors of this Guaranty, and the extensions of credit under the Credit Agreement were made in reliance upon the issuance of this Guaranty.

AGREEMENT

In consideration of the premises and to induce the Banks to make loans, extend credit or make other financial accommodations, and to continue to keep such credit and other financial accommodations available to the Borrowers, each Guarantor hereby agrees with and for the benefit of the Banks as follows:

1. Defined Terms. As used in this Guaranty, terms defined in the first paragraph of this Guaranty and in the recital paragraphs are used herein as defined therein, and the following terms shall have the following meanings:

"Cumulative Guarantors" shall mean the Guarantors and all other future guarantors of the Liabilities.

"Lenders" shall mean the Banks and the Agent and their successors and assigns.

"Liabilities" shall mean (i) with respect to the Guarantors other than the Company, all indebtedness, obligations and liabilities of the Borrowers to any of the Lenders in connection with or pursuant to the Agreements, including without limitation, all principal, interest (including but without limitation interest which, but for the filling of a bankruptcy petition, would have accrued on the principal amount of the Liabilities), charges, fees and all costs and expenses, including without limitation reasonable fees and expenses of counsel, in each case whether now existing or hereafter arising, direct or indirect (including without limitation any participation interest acquired by any Lender in such indebtedness, obligations and liabilities of the Borrowers to any other person), absolute or contingent, joint and/or several, secured or unsecured, arising by operation of law or otherwise, and (ii) with respect to the Company, all indebtedness, obligations and liabilities of the Canadian Borrower to any of the Lenders in connection with or pursuant to the Agreements, including without limitation, all principal, interest (including but without limitation interest which, but for the filling of a bankruptcy petition, would have accrued on the principal amount of the Liabilities), charges, fees and all costs and expenses, including without limitation reasonable fees and expenses of counsel, in each case whether now existing or hereafter arising, direct or indirect (including

without limitation any participation interest acquired by any Lender in such indebtedness, obligations and liabilities of the Canadian Borrower to any other person), absolute or contingent, joint and/or several, secured or unsecured, arising by operation of law or otherwise.

All other capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Credit Agreement.

2. Guarantee. (a) Each Guarantor hereby guarantees to the Lenders, irrevocably, absolutely and unconditionally, as primary obligor and not as surety only, the prompt and complete payment of the Liabilities.

(b) All payments to be made under this Guaranty (except pursuant to paragraph (c) below) shall be made to each Lender pro rata in accordance with the unpaid amount of Liabilities held by each Lender at the time of such payment.

(c) The Guarantors agree to make prompt payment, on demand, of any and all reasonable costs and expenses incurred by any Lender in connection with enforcing the obligations of any of the Guarantors hereunder including without limitation the reasonable fees and disbursements of counsel.

3. Consents to Renewals, Modifications and other Actions and Events. This Guaranty and all of the obligations of the Guarantors hereunder shall remain in full force and effect without regard to and shall not be released, affected or impaired by: (a) any amendment, assignment, transfer, modification of or addition or supplement to the Liabilities or any Agreement; (b) any extension, indulgence, increase in the Liabilities or other action or inaction in respect of any of the Agreements or otherwise with respect to the Liabilities, or any acceptance of security for, or other guaranties of, any of the Liabilities or Agreements, or any surrender, release, exchange, impairment or alteration of any such security or guaranties including without limitation the failing to perfect a security interest in any such security or abstaining from taking advantage of or realizing upon any other guaranties or upon any security interest in any such security; (c) any default by any Borrower under, or any lack of due execution, invalidity or unenforceability of, or any irregularity or other defect in, any of the Agreements; (d) any waiver by any Lender or any other person of any required performance or otherwise of any condition precedent or waiver of any requirement imposed by any of the Agreements, any other guaranties or otherwise with respect to the Liabilities; (e) any exercise or non-exercise of any right, remedy, power or privilege in respect of this Guaranty, any other guaranty or any of the Agreements; (f) any sale, lease, transfer or other disposition of the assets of any Borrower or any consolidation or merger of any Borrower with or into any other person, corporation, or entity, or any transfer or other disposition of any shares of capital stock of any Borrower; (g) any bankruptcy, insolvency, reorganization or similar proceedings involving or affecting any Borrower or any other guarantor of the Liabilities; (h) the release or discharge of any Borrower from the performance or observance of any agreement, covenant, term or condition under any of the Liabilities or contained in any of the Agreements, of any Cumulative Guarantor or of this Guaranty, by operation of law or otherwise; or (i) any other cause whether similar or dissimilar to the foregoing which, in the absence of this provision, would release, affect or impair the obligations, covenants, agreements or duties of any Guarantor hereunder or constitute a defense hereto, including without limitation any act or omission by any Lender or any other person which increases the scope of any Guarantor's risk; and in each case described in this paragraph whether or not any Guarantor shall have notice or knowledge of any of the foregoing, each

of which is specifically waived by each Guarantor. Each Guarantor warrants to the Lenders that it has adequate means to obtain from the Borrowers on a continuing basis information concerning the financial condition and other matters with respect to the Borrowers and that it is not relying on any Lender to provide such information either now or in the future.

4. Waivers, Etc. Each Guarantor unconditionally waives: (a) notice of any of the matters referred to in Paragraph 3 above; (b) all notices which may be required by statute, rule of law or otherwise to preserve any rights of any Lender, including, without limitation, notice to the Guarantors of default, presentment to and demand of payment or performance from any Borrower and protest for non-payment or dishonor; (c) any right to the exercise by any Lender of any right, remedy, power or privilege in connection with any of the Agreements; (d) any requirement of diligence or marshaling on the part of any Lender; (e) any requirement that any Lender, in the event of any default by any Borrower, first make demand upon or seek to enforce remedies against, such Borrower or any other Cumulative Guarantor before demanding payment under or seeking to enforce this Guaranty; (f) any right to notice of the disposition of any security which any Lender may hold from any Borrower or otherwise and any right to object to the commercial reasonableness of the disposition of any such security; and (g) all errors and omissions in connection with any Lender's administration of any of the Liabilities, any of the Agreements or any other Cumulative Guarantor, or any other act or omission of any Lender which changes the scope of such Guarantor's risk. The obligations of each Guarantor hereunder shall be complete and binding forthwith upon the execution of this Guaranty by it and subject to no condition whatsoever, precedent or otherwise, and notice of acceptance hereof or action in reliance hereon shall not be required.

5. Nature of Guaranty; Payments. This Guaranty is an absolute, unconditional, irrevocable and continuing guaranty of payment and not a guaranty of collection, and is wholly independent of and in addition to other rights and remedies of any Lender with respect to any Borrower, any collateral, any Cumulative Guarantor or otherwise, and it is not contingent upon the pursuit by any Lender of any such rights and remedies, such pursuit being hereby waived by each Guarantor. The obligations of each Guarantor hereunder shall be continuing and shall continue (irrespective of any statute of limitations otherwise applicable) and cover and include all the Liabilities of the Borrowers accruing or in the process of accruing to the Lenders before the Lenders deliver to the Guarantors a release of this Guaranty, which is in writing, refers specifically to this Guaranty, and is signed by a President, a Senior Vice President, or a Vice President of each Lender. Nothing shall discharge or satisfy the liability of any Guarantor hereunder except the full and irrevocable payment and performance of all of the Liabilities and the expiration or termination of all the Agreements. All payments to be made by the Guarantors hereunder shall be made without set-offs or counterclaim, and each Guarantor hereby waives the assertion of any such set-offs or counterclaims in any proceeding to enforce its obligations hereunder. All payments to be made by each Guarantor hereunder shall also be made without deduction or withholding for, or on account of, any present or future taxes or other similar charges of whatsoever nature, provided that if any Guarantor is nevertheless required by law to make any deduction or withholding, such Guarantor shall pay to the Lenders such additional amounts as may be necessary to ensure that the Lenders shall receive a net sum equal to the sum which it would have received had no such deduction or withholding been made. Each Guarantor agrees that, if at any time all or any part of any payment previously applied by any Lender to any of the Liabilities must be returned by such Lender for any reason, whether by court order, administrative order, or settlement and whether as a "voidable preference", "fraudulent conveyance" or otherwise, each Guarantor remains liable for the full amount returned as if such amount had

never been received by such Lender, notwithstanding any termination of this Guaranty or any cancellation of any of the Agreements and the Liabilities and all obligations of each Guarantor hereunder shall be reinstated in such case.

6. Evidence of Liabilities. Each Lender's books and records showing the Liabilities shall be admissible in any action or proceeding, shall be binding upon each Guarantor for the purpose of establishing the Liabilities due from the Borrowers and shall constitute prima facie proof, absent manifest error, of the Liabilities of the Borrowers to such Lender, as well as the obligations of each Guarantor to such Lender.

7. Subordination, Subrogation, Contribution, Etc. Each Guarantor agrees that all present and future indebtedness, obligations and liabilities of any Borrower to such Guarantor shall be fully subordinate and junior in right and priority of payment to any indebtedness of such Borrower to the Lenders, and no Guarantor shall have any right of subrogation, contribution (including but without limitation the contribution and subrogation rights granted below), reimbursement or indemnity whatsoever nor any right of recourse to security for the debts and obligations of such Borrower unless and until all Liabilities shall have been paid in full, such payment is not subject to any possibility of revocation or rescission and all Agreements have expired or been terminated. Subject to the preceding sentence, if any Guarantor makes a payment in respect of the Liabilities it shall be subrogated to the rights of the payee against the relevant Borrower with respect to such payment and shall have the rights of contribution set forth below against all other Cumulative Guarantors and each Guarantor agrees that all other Cumulative Guarantors shall have the rights of contribution against it set forth below. If any Guarantor makes a payment in respect of the Liabilities that is smaller in proportion to its Payment Share (as hereinafter defined) than such payments made by the other Cumulative Guarantors are in proportion to the amounts of their respective Payment Shares, such Guarantor shall, when permitted by the first sentence of this Section 7, pay to the other Guarantors an amount such that the net payments made by the Cumulative Guarantors in respect of the Liabilities shall be shared among the Cumulative Guarantors pro rata in proportion to their respective Payment Shares. If any Guarantor receives any payment by way of subrogation that is greater in proportion to the amount of its Payment Share than the payments received by the other Cumulative Guarantors are in proportion to the amounts of their respective Payment Shares, such Guarantor shall, when permitted by the first sentence of this Section 7, pay to the other Cumulative Guarantors an amount such that the subrogation payments received by the Guarantors shall be shared among the Cumulative Guarantors pro rata in proportion to their respective Payment Shares.

For purposes of this Guaranty, the "Payment Share" of any Cumulative Guarantor shall be the sum of (a) the aggregate proceeds of the Liabilities received by such Guarantor (and, if received subject to a repayment obligation, remaining unpaid on the Determination Date, as hereinafter defined), plus (b) the product of (i) the aggregate Liabilities remaining unpaid on the date such Liabilities become due and payable in full, whether by stated maturity, acceleration or otherwise (the "Determination Date") reduced by the amount of such Liabilities attributed to all of the Cumulative Guarantors pursuant to clause (a) above, times (ii) a fraction, the numerator of which is such Guarantor's net worth on the effective date of this Guaranty (determined as of the end of the immediately preceding fiscal reporting period of the Guarantor), and the denominator of which is the aggregate net worth of all of the Cumulative Guarantors, determined for each Cumulative Guarantor on the respective effective date of the guaranty signed by such Cumulative Guarantor.

8. Assignment by Lenders. Each Lender shall have the right to assign and transfer this Guaranty to any assignee of any portion of the Liabilities. Each Lender's successors and assigns hereunder shall have the right to rely upon and enforce this Guaranty.

9. Joint and Several Obligations. The obligations of the Guarantors hereunder and all other Cumulative Guarantors shall be joint and several and each Guarantor shall be liable for all of the Liabilities to the extent provided herein regardless of any other Cumulative Guarantors, and each Lender shall have the right, in its sole discretion to pursue its remedies against any Guarantor without the need to pursue its remedies against any other Cumulative Guarantor, whether now or hereafter in existence, or against any one or more Cumulative Guarantors separately or against any two or more jointly, or against some separately and some jointly.

10. Representations and Warranties. Each Guarantor hereby represents and warrants to the Lenders that:

(a) the execution, delivery and performance by the Guarantor of this Guaranty are within its corporate, company, or partnership powers, have been duly authorized by all necessary corporate, company, or partnership action, require no action by or in respect of, or filing with, any governmental body, agency or official, and do not contravene or constitute a default under, any provision of applicable law or regulation or of the articles of incorporation, articles of organization, certificate of limited partnership or other charter documents or bylaws, operating agreement or partnership agreement of such Guarantor, or of any agreement, judgment, injunction, order, decree or other instrument binding upon such Guarantor, or result in the creation or imposition of any lien, security interest or other charge or encumbrance on any asset of such Guarantor;

(b) this Guaranty constitutes a legal, valid and binding agreement of each Guarantor, enforceable against the Guarantor in accordance with its terms;

(c) as of the date hereof, each of the following is true and correct for each Guarantor, assuming value is given to the rights of contribution and subrogation as described in Section 7 hereof: (i) the fair saleable value and the fair valuation of such Guarantor's property is greater than the total amount of its liabilities (including contingent liabilities) and greater than the amount that would be required to pay its probable aggregate liability on its existing debts as they become absolute and matured, (ii) each Guarantor's capital is not unreasonably small in relation to its current and/or contemplated business or other undertaken transactions, and (iii) each Guarantor does not intend to incur, or believe that it will incur, debt beyond its ability to pay such debts as they become due; and

(d) the Canadian Borrower, the Company, and the other Guarantors are engaged as an integrated group in the business of providing related services; that the integrated operation requires financing on such a basis that credit supplied to the Borrowers can be made available from time to time to various subsidiaries of the Borrowers, as required for the continued successful operation of the integrated group as a whole; and that each Guarantor has requested the Lenders to continue to lend and to make credit available to the Borrowers for the purpose of financing the integrated operations of the Borrowers and their subsidiaries, including each Guarantor other than the Company, with each Guarantor expecting to derive benefit, direct or

indirectly, from the loans and other credit extended by the Lenders to the Borrowers, both in such Guarantor's separate capacity and as a member of the integrated group, inasmuch as the successful operation and condition of each Guarantor is dependent upon the continued successful performance of the functions of the integrated group as a whole. Each of the Guarantors hereby determines and agrees that the execution, delivery and performance of this Guaranty are necessary and convenient to the conduct, promotion or attainment of the business of such Guarantor and in furtherance of the corporate purposes of such Guarantor.

11. Binding on Successors and Assigns. This Guaranty shall be the valid, binding and enforceable obligation of the Guarantors and their successors and assigns.

12. Indemnity. As a separate, additional and continuing obligation, each Guarantor unconditionally and irrevocably undertakes and agrees with each Lender that, should the Liabilities not be recoverable from any Guarantor as guarantor under this Guaranty for any reason whatsoever (including, without limitation, by reason of any provision of any of the Liabilities or the Agreements being or becoming void, unenforceable, or otherwise invalid under any applicable law) then, notwithstanding any knowledge thereof by any Lender at any time, each Guarantor as original and independent obligor, upon demand by the Lenders, will make payment to the Lenders of the Liabilities by way of a full indemnity.

13. Cumulative Rights and Remedies, Etc. The obligations of each Guarantor under this Guaranty are continuing obligations and a new cause of action shall arise in respect of each default hereunder. No course of dealing on the part of any Lender, nor any delay or failure on the part of any Lender in exercising any right, power or privilege hereunder, shall operate as a waiver of such right, power, or privilege or otherwise prejudice the Lenders' rights and remedies hereunder; nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. No right or remedy conferred upon or reserved to any Lender under this Guaranty is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing under any applicable law. Every right and remedy given by this Guaranty or by applicable law to the Lenders may be exercised from time to time and as often as may be deemed expedient by any Lender.

14. Severability. If any one or more provisions of this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected, impaired, prejudiced or disturbed thereby, and any provision hereunder found partially unenforceable shall be interpreted to be enforceable to the fullest extent possible. If at any time all or any portion of the obligation of any Guarantor under this Guaranty would otherwise be determined by a court of competent jurisdiction to be invalid, unenforceable or avoidable under Section 548 of the federal Bankruptcy Code or under any fraudulent conveyance or transfer laws or similar applicable law of any jurisdiction, then notwithstanding any other provisions of this Guaranty to the contrary such obligation or portion thereof of such Guarantor under this Guaranty shall be limited to the greatest of (i) the value of any quantified economic benefits accruing to such Guarantor as a result of this Guaranty, (ii) an amount equal to 95% of the excess on the date the relevant Liabilities were incurred of the present fair saleable value of the assets of such Guarantor over the amount of all liabilities of such Guarantor, contingent or otherwise, and (iii) the maximum amount of which this Guaranty is determined to be enforceable.

15. Merger; Amendments. This Guaranty is intended as a final expression of the subject matter hereof and is also intended as a complete and exclusive statement of the terms hereof. Each Guarantor's liability hereunder is independent of and in addition to its liability under any other guaranty previously of subsequently executed. No course of dealing, course of performance or trade usage, and no parole evidence of any nature, shall be used to supplement or modify any terms hereof, nor are there any conditions to the full effectiveness of this Guaranty. None of the terms and provisions of this Guaranty may be waived, altered, modified or amended in any way except by an instrument in writing executed by duly authorized officers of each Lender and the Guarantors.

16. Consent to Jurisdiction. Notwithstanding the place where any Liability originates or arises, or is to be repaid, any suit, action or proceeding arising out of or relating to this Guaranty, any of the Agreements, or any borrowing made in connection with any of the Agreements, may be instituted in any court of the United States of America or the State of Michigan, sitting in the City of Detroit, State of Michigan, and each Guarantor hereby irrevocably waives any objection which it may have or hereafter have to the laying of the venue of any such suit, action or proceeding and any claim that any such suit, action or proceeding has been brought in an inconvenient forum; and each Guarantor hereby irrevocably submits his person and property to the jurisdiction of any such court in any such suit, action or proceeding. Each Guarantor hereby consents to the service of process in any suit, action or proceeding of the nature referred to in this Section 16 by the mailing of a copy thereof by registered or certified mail, postage prepaid, or personally delivering a copy thereof to such Guarantor, at the address set forth under its signature below, or at such other address as such Guarantor may hereafter specify to the Lenders in writing. Nothing in this Section 16 shall affect the right of any Lender to serve process in any other manner permitted by law or limit the right of the Lenders to bring proceedings against any Guarantor or any of its property in the courts of any other jurisdiction in which it is subject to service of process. To the extent that any Guarantor now or hereafter may be entitled, in any jurisdiction in which proceedings may at any time be commenced with respect to this Guaranty or the transactions contemplated hereby, to claim itself or its revenues, assets or properties any immunity (including, without limitation, immunity from service of process, jurisdiction, suit, judgment, counterclaim, enforcement of or execution on a judgment, attachment prior to the judgment, attachment in aid of execution of a judgment or other legal process), and to the extent that in any such jurisdiction there may be attributed any such immunity (whether or not claimed), such Guarantor hereby irrevocably undertakes not to claim and hereby irrevocably waives any such immunity to the fullest extent permitted by law. Each Guarantor irrevocably and generally consents in respect of any proceedings to the giving of any relief or the issue of any process in connection with those proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever of any order or judgment which may be made or given in those proceedings.

17. Governing Law; Headings. This Guaranty shall be governed by and construed in accordance with the laws of the State of Michigan without giving effect to the choice of law principles of such state. The headings of the various paragraphs hereof are for the convenience of reference only and shall in no way modify any of the terms or provisions hereof.

18. Notices. Any notice, demand, consent or request given or made to each Guarantor by any Lender shall be deemed to have been duly given or made if sent in writing (including telecommunications) to such Guarantor to the address or telex or telecopy number set forth below the name of such Guarantor on the signature page hereof, or at such other address or telex or telecopy number as such Guarantor may hereafter

specify to the Lenders in writing. All notices or other communications sent by means of telecopy, telex or other wire transmission shall be made with request for assurance of receipt in a manner typical with respect to communications of that type. Written notices or other communications shall be deemed delivered upon receipt if delivered by hand or by telecopy, three business days after mailing if mailed, or one business day after deposit with an overnight courier service if delivered by overnight courier. Notices or other communications delivered by hand shall be deemed delivered upon receipt.

19. WAIVER OF JURY TRIAL. THE LENDERS, IN ACCEPTING THIS GUARANTY, AND THE GUARANTORS, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS GUARANTY OR ANY RELATED INSTRUMENT OR AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY OF THEM. NEITHER THE LENDERS NOR THE GUARANTORS SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY ANY OF THE LENDERS OR THE GUARANTORS EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ALL OF THEM. THIS GUARANTY IS FREELY AND VOLUNTARILY GIVEN TO THE LENDERS BY THE GUARANTORS WITHOUT ANY DURESS OR COERCION, AND AFTER EACH GUARANTOR HAS EITHER CONSULTED WITH COUNSEL OR BEEN GIVEN AN OPPORTUNITY TO DO SO. EACH GUARANTOR HAS CAREFULLY AND COMPLETELY READ ALL OF THE TERMS AND PROVISIONS OF THIS GUARANTY AND OF EACH AGREEMENT.

EXECUTED and effective as of the day and year first above written.

UNIVERSAL FOREST PRODUCTS, INC.

By:

Print Name:

Its:

UNIVERSAL FOREST PRODUCTS INDIANA LIMITED PARTNERSHIP

By:

Print Name:

Its:

UNIVERSAL FOREST PRODUCTS TEXAS LIMITED PARTNERSHIP

By:

Print Name:

Its:

UNIVERSAL FOREST PRODUCTS HOLDING COMPANY, INC.

By:

Print Name:

Its:

UNIVERSAL FOREST PRODUCTS WESTERN
DIVISION, INC.

By:

Print Name:

Its:

SHOFFNER HOLDING COMPANY, INC.

By:

Print Name:

Its:

UNIVERSAL FOREST PRODUCTS EASTERN
DIVISION, INC.

By:

Print Name:

Its:

UNIVERSAL FOREST PRODUCTS SHOFFNER LLC

By:

Print Name:

Its:

UNIVERSAL TRUSS, INC.

By:

Print Name:

Its:

UNIVERSAL FOREST RECLAMATION CENTER, INC.

By:

Print Name:

Its:

UNIVERSAL FOREST PRODUCTS OF MODESTO L.L.C.

By:

Print Name:

Its:

TRESSTAR, LLC

By:

Print Name:

Its:

UFP VENTURES, INC.

By:

Print Name:

Its:

CONSOLIDATED BUILDING COMPONENTS, INC.

By:

Print Name:

Its:

UFP REAL ESTATE, INC.

By:

Print Name:

Its:

SYRACUSE REAL ESTATE, LLC

By:

Print Name:

Its:

UFP VENTURES II, INC.

By:

Print Name:

Its:

Address for each Guarantor:
2801 Beltline NE
Grand Rapids, MI 49505

Telecopy No.: 616-361-7534

EXHIBIT C

REVOLVING CREDIT NOTE

$_____ November 25, 2002
Detroit, Michigan

FOR VALUE RECEIVED,_____, a_____ (the "Company"), hereby unconditionally promises to pay to the order of _____ (the "Lender"), at the principal banking office of the Agent in Detroit, Michigan in [U.S.] [Canadian] Dollars and in Same Day Funds, the principal sum of _____ [U.S.] [Canadian] Dollars ([C]$_____) or such lesser amount as is recorded on the schedule attached hereto, or in the books and records of the Lender, on the Termination Date; and to pay interest on the unpaid principal balance hereof from time to time outstanding, in like money and funds, for the period from the date hereof until the Syndicated Loans evidenced hereby shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement referred to below.

The Lender is hereby authorized by the Company to record on the schedule attached to this Revolving Credit Note, or on its books and records, the date, amount and type of each Syndicated Loan, the duration of the related Interest Period (if applicable), the amount of each payment or prepayment of principal thereon and the other information provided for on such schedule, which schedule or such books and records, as the case may be, shall constitute prima facie evidence of the information so recorded, provided, however, that any failure by the Lender to record any such information shall not relieve the Company of its obligation to repay the outstanding principal amount of such Syndicated Loans, all accrued interest thereon and any amount payable with respect thereto in accordance with the terms of this Revolving Credit Note and the Credit Agreement.

The Company and each endorser or guarantor hereof waives demand, presentment, protest, diligence, notice of dishonor and any other formality in connection with this Revolving Credit Note. Should the indebtedness evidenced by this Revolving Credit Note or any part thereof be collected in any proceeding or be placed in the hands of attorneys for collection, the Company agrees to pay, in addition to the principal, interest and other sums due and payable hereon, all costs of collecting this Revolving Credit Note, including attorneys' fees and expenses (including without limitation allocated costs and expenses of attorneys who are employees of the Lender).

This Revolving Credit Note evidences one or more Syndicated Loans made under a Credit Agreement, dated as of November 25, 2002 (as amended or modified from time to time, the "Credit Agreement"), by and among the Company, the other Borrower, the lenders party thereto from time to time (including the Lender), Bank One, NA, as Agent, Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent, to which reference is hereby made for a statement of the circumstances under which this Revolving Credit Note is subject to prepayment and under which its due date may be accelerated. Capitalized terms used but not defined in this Revolving Credit Note shall have the respective meanings assigned to them in the Credit Agreement.

This Revolving Credit Note is made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan in the same manner applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

By:

Print Name:

Its:

Schedule to Revolving Credit Note, dated November_____, 2002, made by_____ in favor of _____

Principal Amount Trans- Principal Type Interest Paid, Pre- Principal action Amount of of Interest Period (if paid or Balance Notation Date Loan Loan* Rate applicable) Converted Outstanding Made by -
---------- - -------- --- ------ ----- ---- ------- -- --------- ---------- - -------- --- ------ -----

- ----------
* E - Syndicated Eurodollar Rate

F - Floating Rate

B - BA Rate

EXHIBIT D

SWINGLINE NOTE

$_____

November 25, 2002
Detroit, Michigan

FOR VALUE RECEIVED, Universal Forest Products, Inc., a Michigan corporation (the "Company"), hereby promises to pay to the order of Bank One, NA (the "Agent"), at the principal banking office of the Agent in Detroit, Michigan in U.S. Dollars and in Same Day Funds, the principal sum of _____U.S. Dollars ($_____), or such lesser amount as is recorded on the schedule attached hereto or in the books and records of the Agent, on the Termination Date or such earlier date as the Agent may require in its sole discretion; and to pay interest on the unpaid principal balance hereof from time to time outstanding, in like money and funds, for the period from the date hereof until the Swingline Loans evidenced hereby shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement referred to below.

The Agent is hereby authorized by the Company to record on the schedule attached to this Swingline Note, or on its books and records, the date and the amount of each Swingline Loan, the applicable interest rate and type and the duration of the related Interest Period (if applicable), the amount of each payment or prepayment of principal thereon, and the other information provided for on such schedule, which schedule or such books and records, as the case may be, shall constitute prime facie evidence of the information so recorded, provided, however, that any failure by the Agent to record any such notation shall not relieve the Company of its obligation to repay the outstanding principal amount of this Swingline Note, all accrued interest hereon and any amount payable with respect hereto in accordance with the terms of this Swingline Note and the Credit Agreement.

The Company and each endorser or guarantor hereof waives presentment, protest, notice of dishonor and any other formality in connection with this Swingline Note. Should the indebtedness evidenced by this Swingline Note or any part thereof be collected in any proceeding or be placed in the hands of attorneys for collection, the Company agrees to pay, in addition to the principal, interest and other sums due and payable hereon, all costs of collection of this Swingline Note, including attorneys' fees and expenses.

This Swingline Note evidences Swingline Loans made under a Credit Agreement, dated as of November 25, 2002 (as amended or modified from time to time, the "Credit Agreement"), by and among the Company, the Canadian Borrower, the lenders party thereto from time to time (including the Lender), the Agent, Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent, to which reference is hereby made for a statement of the circumstances under which this Swingline Note is subject to prepayment and under which its due date may be accelerated. Capitalized terms used but not defined in this Swingline Note shall have the respective meanings assigned to them in the Credit Agreement.

This Swingline Note is made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan in the same manner applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

UNIVERSAL FOREST PRODUCTS, INC.

By: ----------

Print Name: ----------

Its: ----------

Schedule to Swingline Note dated November__, 2002
made by Universal Forest
Products, Inc.
in favor of Bank One, NA

Transaction Date	Principal Amount of Loan	Applicable Interest Rate	Principal Amount Paid or Prepaid	Principal Balance Outstanding	Notation Made By

SWINGLINE NOTE

EXHIBIT E

BID-OPTION QUOTE REQUEST

[Date]

Bank One, NA,
as Agent for the Lenders
611 Woodward Avenue
Detroit, Michigan 48226

Attention:_____

Universal Forest Products, Inc., a Michigan corporation (the "Company"), hereby requests offers to make Bid-Option Loans comprising the Bid-Option Borrowing(s) described below pursuant to Section 2.2(b) of the Credit Agreement, dated as of November __, 2002, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among the Company, the Canadian Borrower, Bank One, NA, as Agent, Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

Date of Bid-Option Borrowing(s): _____, ____

Type of Bid-Option Borrowing(s): _____ [Absolute Rate]
[Eurodollar Rate]

Aggregate Amount of each Bid-Option Borrowing: (a) *
(b)
(c)

Interest Period: (a) **
(b)
(c)

UNIVERSAL FOREST PRODUCTS, INC.

By:

Print Name:

Its:

*Must be (a) $3,000,000 or a larger multiple of $1,000,000.

**Must comply with the definition of the term "Bid-Option Interest Period."

EXHIBIT F

INVITATION FOR BID-OPTION QUOTES

[Date]

To: [Name of Lender]
Attention: _____

Reference is made to the Credit Agreement, dated as of November , 2002, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among Universal Forest Products, Inc. (the "Company"), the Canadian Borrower, the lenders party thereto from time to time, Bank One, NA, as Agent, Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

Pursuant to Section 2.2(c) of the Credit Agreement, Bank One, NA, as Agent, is pleased on behalf of the Company to invite you to submit Bid-Option Quotes to the Company for the Bid-Option Borrowing(s) described below.

Date of Bid-Option Borrowing(s): _____, ____

Type of Bid-Option Borrowing(s): [Absolute Rate] [Eurodollar Rate]

Aggregate Amount of Each Bid-Option Borrowing:	Interest Period:
(a)	(a)
(b)	(b)
(c)	(c)

Please respond to this invitation by no later than 9:00 a.m. (Detroit time) on _____, _____.*

BANK ONE, NA, as Agent

By: _____

Print Name: _____

Its: _____

* The proposed date of Borrowing in the case of Absolute Rate Bid-Option Borrowings. The third Business Day prior to the proposed date of Borrowing in the case of Eurodollar Rate Bid-Option Borrowings.

EXHIBIT G

BID-OPTION QUOTE

[Date]

Bank One, NA, as Agent
611 Woodward Avenue
Detroit, Michigan 48226

Attention:_____

Reference is made to the Credit Agreement, dated as of November __, 2002, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among Universal Forest Products, Inc. (the "Company"), the Canadian Borrower, the lenders party thereto from time to time (including the Lender), Bank One, NA, as Agent, Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

In response to your Invitation for Bid-Option Quotes dated_____, _____,_____ (the "Lender"), hereby makes the following offer[s] to make [a] Bid-Option Loan[s]:

1. Quoting Lender:

Contact Person:
---

2. Date of proposed Borrowing: , *
---

3. Quotes:

Bid-Option Absolute Type of Bid-Option Rate or Bid-Option Loans: Absolute Rate Principal Eurodollar Rate Interest or Eurodollar Rate** Amount*** Margin**** Period *****				
(a)				
(b)				

(c) ------

------- --
------- --

------- --
----

4. The aggregate amount of Bid-Option Loans which may be accepted by the Company pursuant to this Bid-Option Quote shall not exceed $_____.

The Lender acknowledges and agrees that this Bid-Option Quote (a) is irrevocable and (b), subject to the terms and conditions of the Credit Agreement, obligates it to make a Bid-Option Loan for which any quote is accepted, in whole or in part.

[Name of Lender]

By: _____

Print Name: _____

Its: _____

* As specified in the related Invitation for Bid-Option Quotes.

** As specified in the related Invitation for Bid-Option Quotes.

*** The principal amount (a) must be $3,000,000 or a larger multiple of $1,000,000 and (b) may not exceed the aggregate amount of the related Bid-Option Borrowing specified in the related Invitation for Bid-Option Quotes.

**** Specify rate of interest per annum (rounded up to the nearest 1/1000th of 1%) or applicable margin, which may be positive or negative, expressed as a percentage (rounded up to the nearest 1/1000th of 1%), as the case may be.

***** As specified in the related Invitation for Bid-Option Quotes.

EXHIBIT H

REQUEST FOR SYNDICATED ADVANCE

To each Lender party to
the referenced Credit Agreement
c/o Bank One, NA, as Agent for the Lenders
611 Woodward Avenue
Detroit, Michigan 48226

Attention:_____

_____, a _____ (the "Borrower") hereby requests a [insert Syndicated Loan, or Letter of Credit Advance] pursuant to Section 2.6 of the Credit Agreement, dated as of November __, 2002 (as amended or modified from time to time, the "Credit Agreement"), among the Borrowers, the lenders party thereto from time to time, Bank One, NA, as Agent, Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent.

[A Syndicated Loan is requested to be made in the amount of [C]$_____, to be made on _____, _____ and evidenced by the Borrower's Revolving Credit Notes. Such Loan shall be a [insert Eurodollar Rate Syndicated Loan, BA Rate Syndicated Loan, or Floating Rate Loan] and the initial Interest Period, if such requested Loan is a Eurodollar Rate Syndicated Loan or a BA Rate Syndicated Loan, shall be [insert permitted Interest Period].]

[Such Letter of Credit Advance shall be made by the issuance by the Agent of its Letter of Credit for the account of the Borrower in the maximum stated amount of $_____ to and for the benefit of _____ with a stated expiry date of _____, _____, and containing the further terms and conditions set forth in the attached letter of credit application to the Agent.]

In support of this request, the Borrower hereby represents and warrants to the Agent and the Lenders that:

1. The representations and warranties contained in the Credit Agreement are true and correct in all material respects on and as of the date hereof, and will be true and correct in all material respects on the date such Advance is made (both before and after such Advance is made), as if such representations and warranties were made on and as of such dates.

2. No Event of Default or Default has occurred and is continuing or will exist on the date such Advance is made and such Advance shall not cause an Event of Default or Default.

Acceptance of the proceeds of such Advance by the Borrower shall be deemed to be a further representation and warranty that the representations and warranties made herein are true and correct in all material respects at the time such proceeds are disbursed.

Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Credit Agreement.

By: _____

Print Name: _____

Its: _____

Dated: _____, ____

REQUEST FOR SYNDICATED ADVANCE

EXHIBIT J

COMPLIANCE CERTIFICATE

To: The Lenders party to the
Credit Agreement described below

This Compliance Certificate is furnished pursuant to that certain Credit Agreement dated as of November __, 2002 (as amended, modified, renewed or extended from time to time, the "Credit Agreement") among Universal Forest Products, Inc., a Michigan corporation (the "Company"), the Canadian Borrower, the lenders party thereto from time to time, Bank One, NA, as Agent, Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Credit Agreement.

THE UNDERSIGNED CERTIFIES THAT:

1. I am the duly elected [Chief Financial Officer or Treasurer] of the Company.

2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Company and its Subsidiaries during the accounting period covered by the attached financial statements.

3. The representations and warranties made by the Company contained in each Loan Document are true and correct as though made on and as of the date hereof.

4. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Compliance Certificate, except as set forth below.

5. Schedule I attached hereto sets forth financial data and computations evidencing the Company's compliance with certain covenants of the Credit Agreement, all of which data and computations are true, complete and correct.

6. Schedule II attached hereto sets forth the various reports and deliveries which are required at this time under the Credit Agreement and the other Loan Documents and the status of compliance.

Described below are the exceptions, if any, to paragraph 4 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Company has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule I and the various reports and deliveries set forth in Schedule II hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered on _____, 200__.

Print Name:

Title:

SCHEDULE I TO COMPLIANCE CERTIFICATE

Compliance as of _____, ____ with
provisions of Section 5.2 of
the Credit Agreement

SCHEDULE II TO COMPLIANCE CERTIFICATE

Reports and Deliveries Currently Due

EXHIBIT K

SOLVENCY CERTIFICATE

This Certificate is made and delivered to Bank One, NA, as Agent, in connection with the Credit Agreement dated as of November , 2002 (the "Credit Agreement") among Universal Forest Products, Inc., a Michigan corporation (the "Company"), the Canadian Borrower, the lenders party thereto from time to time (the "Lenders"), Bank One, NA, as Agent for the Lenders (the "Agent"), Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent, and all other Loan Documents. Terms used but not defined herein shall have the meanings ascribed thereto in the Credit Agreement.

Pursuant to the Credit Agreement, and acting solely in my capacity as an officer of the Company and not in my individual capacity I hereby certify as follows:

1. I am the duly elected, qualified and acting chief financial officer of the Company and I have been responsible for acting on behalf of the Company and each Subsidiary in connection with the negotiation and consummation of the Loan Documents. In connection with these negotiations, I have been responsible for, among other things, reviewing the affairs of the Company and the Subsidiaries.

2. I have further, for purposes hereof, reviewed the assets and liabilities of the Company and the Subsidiaries, after giving effect to the transactions contemplated by the Loan Documents. In particular:

   A. I have reviewed the financial statements referred to in Section 4.6 of the Credit Agreement.

   B. With respect to contingent and off-balance sheet liabilities included in the liabilities of the Company and its Subsidiaries, I have consulted with the appropriate officers and employees of the Company and its Subsidiaries and outside counsel of the Company concerning pending and threatened litigation and other contingent liabilities of the Company and its Subsidiaries.

On the basis of the review and analysis described above, I have concluded that:

I. (i) Immediately after the consummation of the Loan Documents and transactions to occur on the date hereof and immediately following the making of the Advances on the date hereof and after giving effect to the application of the proceeds of such Advances, (a) the fair value of the assets of the Company and the Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Company and the Subsidiaries on a consolidated basis; (b) the present fair saleable value of the assets of the Company and the Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Company and the Subsidiaries on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Company and the Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Company and the Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the date hereof.

(ii) The Company does not intend to, or to permit any of its Subsidiaries to, and does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

II. To the best of my knowledge, none of the Company or the Subsidiaries has executed any Loan Document or any documents mentioned therein or made any transfer or incurred any obligation thereunder or in connection therewith with actual intent to hinder, defraud or delay either present or future creditors.

Executed and delivered on November_____, 2002.

UNIVERSAL FOREST PRODUCTS, INC.

By: ----------

Print Name: ----------

Title: ----------

EXHIBIT L

REQUEST FOR CONTINUATION OR
CONVERSION OF SYNDICATED LOAN

[Date]

To each Lender party
to the referenced Credit Agreement
c/o Bank One, NA,
as Agent for the Lenders
611 Woodward Avenue
Detroit, Michigan 48226

Attention:_____

_____,a_____, a (the "Company"), hereby requests that [C] $_____ of the principal amount of the Syndicated Loan originally made on _____, ____, which Syndicated Loan is currently a [insert type of Loan], be continued as or converted to, as the case may be, a [insert type of Loan requested] on _____, ____. If such Loan is requested to be converted to a Eurodollar Rate Syndicated Loan or a BA Rate Syndicated Loan, the Company hereby elects an Interest Period for such Loan of [insert permitted Interest Period].

In support of this request, the Company hereby represents and warrants to the Agent and the Lenders that:

1. The representations and warranties contained in the Credit Agreement are true and correct in all material respects on and as of the date hereof, and will be true and correct in all material respects on the date such Loan is [continued][converted] (both before and after such Loan is [continued][converted]), as if such representations and warranties were made on and as of such dates.

2. No Event of Default or Default has occurred and is continuing or will exist on the date such Loan is [continued][converted] (whether before or after such Loan is [continued][converted]).

Acceptance of the proceeds of such [continued][converted] Loan by the Company shall be deemed to be a further representation and warranty that the representations and warranties made herein are true and correct in all material respects at the time of such [continuation] [conversion].

Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Credit Agreement, dated as of November __, 2002, among the Company, the other Borrower, the lenders party thereto from time to time (the "Lenders"), Bank One, NA, as Agent, Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent.

By:

Print Name:

Its:

EXHIBIT M

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of November __, 2002 (as amended or modified from time to time, the "Credit Agreement") among Universal Forest Products, Inc., a Michigan corporation, the Canadian Borrower, the lenders party thereto from time to time, Bank One, NA, as Agent, Wachovia Bank, N.A., as Syndication Agent, and Standard Federal Bank, N.A., as Documentation Agent. Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule 1 agree as follows:

1. The Assignor hereby sells and assigns (without recourse) to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof equal to the interest specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement. After giving effect to such sale and assignment, the Assignee's Commitments will be as set forth on Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or the performance or observance by any Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) attaches the Note or Notes held by the Assignor and requests that the Agent exchange such Note or Notes for a new Note or Notes payable to the order of the Assignee in an amount equal to the Commitments assumed by the Assignee pursuant hereto and the Assignor in an amount equal to the Commitments retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.6 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (iv) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (v) if the Assignee is organized under the laws of a jurisdiction outside the United States, attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement and the Notes or such other documents as are necessary to indicate that all such payments are subject to such taxes at a rate reduced by an applicable tax treaty.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Agent, unless otherwise specified on Schedule 1.

5. Upon such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and be bound by the terms and provisions applicable to a Lender under the Loan Documents (including without limitation the Intercreditor Agreement) and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of Michigan.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

SCHEDULE 1
TO
ASSIGNMENT AND ACCEPTANCE
[_____, as Assignor, and _____, as Assignee]

Amount of Assignor's Commitment assigned to Assignee: $_____

Effective Date: _____

_____, as Assignor

By:

Its:

_____, as Assignee

By:

Its:

Address for Notices:

Attention: _____
Facsimile No.: _____
Telephone No.: _____

Commitment amount of the Assignee after giving effect to this Assignment and Acceptance:
$

Consented to and accepted this__ day of _____, ____

BANK ONE, NA, as Agent

By:

Print Name:

Its:

[BORROWER]

By:

Print Name:

Its:

EXHIBIT 10(j)(2)

==========

UNIVERSAL FOREST PRODUCTS, INC.

NOTE AGREEMENT

Dated as of December 18, 2002

Re: $15,000,000 5.63% Series 2002-A Senior Notes, Tranche A,
Due December 18, 2009
and
$40,000,000 6.16% Series 2002-A Senior Notes, Tranche B,
Due December 18, 2012

==========

TABLE OF CONTENTS

(Not a part of the Agreement)

UNIVERSAL FOREST PRODUCTS, INC.
2801 EAST BELTLINE, N.E.
GRAND RAPIDS, MICHIGAN 49525

NOTE AGREEMENT

Re: $15,000,000 5.63% Series 2002-A Senior Notes, Tranche A,
Due December 18, 2009
and
$40,000,000 6.16% Series 2002-A Senior Notes, Tranche B,
Due December 18, 2012

Dated as of
December 18, 2002

To the Purchaser named in Schedule I
hereto which is a signatory of this
Agreement

Ladies and Gentlemen:

The undersigned, Universal Forest Products, Inc., a Michigan corporation (the "Company"), agrees with you as follows:

SECTION 1. DESCRIPTION OF NOTES AND COMMITMENT.

Section 1.1. Description of Notes. (a) The Company will authorize the issue and sale of:

(i) $15,000,000 aggregate principal amount of its 5.63% Series 2002-A Senior Notes, Tranche A (the "Tranche A Notes"), to be dated the date of issue, to bear interest from such date at the rate of 5.63% per annum, payable semiannually on the 18th day of June and December in each year (commencing June 18, 2003) and at maturity and to bear interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest at the Overdue Rate after the date due, whether by acceleration or otherwise, until paid, to mature on December 18, 2009, and to be substantially in the form attached hereto as Exhibit A-1; and

(ii) $40,000,000 aggregate principal amount of its 6.16% Series 2002-A Senior Notes, Tranche B (the "Tranche B Notes"), to be dated the date of issue, to bear interest from such date at the rate of 6.16% per annum, payable semiannually on the 18th day of June and December in each year (commencing June 18, 2003) and at maturity and to bear interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue

installment of interest at the Overdue Rate after the date due, whether by acceleration or otherwise, until paid, to mature on December 18, 2012, and to be substantially in the form attached hereto as Exhibit A-2. The Series 2002-A Notes, together with each series of Additional Notes which may from time to time be issued pursuant to the provisions of SECTION 1.4, are sometimes hereinafter collectively referred to as the "Notes".

(b) Interest on the Series 2002-A Notes shall be computed on the basis of a 360-day year of twelve 30-day months. The Series 2002-A Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the premium, if any, set forth in SECTION 2. You and the other purchasers named in Schedule I are hereinafter sometimes referred to as the "Purchasers". The terms which are capitalized herein shall have the meanings set forth in SECTION 8.1 unless the context shall otherwise require.

Section 1.2. Commitment, Closing Date. Subject to the terms and conditions hereof and on the basis of the representations and warranties hereinafter set forth, the Company agrees to issue and sell to you, and you agree to purchase from the Company, the Series 2002-A Notes in the principal amount and of the tranche set forth opposite your name on Schedule I hereto at a price of 100% of the principal amount thereof on the Closing Date hereafter mentioned.

Delivery of the Series 2002-A Notes will be made at the offices of Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603, against payment therefor in Federal Reserve or other funds current and immediately available at the principal office of Harris Bank, ABA No.: 071000288, Account Name: Universal Forest Products, Inc.--Concentration Account, Account No.: 434-473-3, in the amount of the purchase price at 10:00 A.M., Chicago time, on December 18, 2002 (the "Closing Date"). The Notes delivered to you on the Closing Date will be delivered to you in the form of a single registered Note of each tranche in the form attached hereto as Exhibits A-1 and A-2, as the case may be, for the full amount of your purchase (unless different denominations are specified by you), registered in your name or in the name of such nominee as may be specified in Schedule I attached hereto.

Section 1.3. Other Agreements. Simultaneously with the execution and delivery of this Agreement, the Company is entering into similar agreements with the other Purchasers under which such other Purchasers agree to purchase from the Company the principal amount and the tranche of Series 2002-A Notes set opposite such Purchaser's name in Schedule I, and your obligation and the obligations of the Company hereunder are subject to the execution and delivery of the similar agreements by the other Purchasers. This Agreement and said similar agreements with the other Purchasers, together with any Supplement, are herein collectively referred to as the "Agreements". The obligations of each Purchaser, and the obligations of the Additional Purchasers under the Supplements, shall be several and not joint and no Purchaser shall be liable or responsible for the acts of any other Purchaser or have any obligation under any Supplement or any liability to any Person for the performance or non-performance by any Additional Purchaser thereunder.

Section 1.4. Additional Series of Notes. The Company may, from time to time, in its sole discretion but subject to the terms hereof, issue and sell one or more additional series of its

unsecured promissory notes under the provisions of this Agreement pursuant to a supplement (a "Supplement") substantially in the form attached hereto as Exhibit F. Each additional series of Notes (the "Additional Notes") issued pursuant to a Supplement shall be subject to the following terms and conditions:

(i) each series of Additional Notes, when so issued, shall be differentiated from all previous series by year and sequential alphabetical designation inscribed thereon;

(ii) Additional Notes of the same series may consist of more than one different and separate tranches and may differ with respect to outstanding principal amounts, maturity dates, interest rates and premiums, if any, and price and terms of redemption or payment prior to maturity;

(iii) each series of Additional Notes shall be dated the date of issue, bear interest at such rate or rates, mature on such date or dates, be subject to such mandatory and optional prepayment on the dates and at the premiums, if any, have such additional or different conditions precedent to closing, such representations and warranties and such additional covenants as shall be specified in the Supplement under which such Additional Notes are issued;

(iv) each series of Additional Notes issued under this Agreement shall be in substantially the form attached hereto as Exhibit 1 to Exhibit F with such variations, omissions and insertions as are necessary or permitted hereunder;

(v) the minimum principal amount of any Note issued under a Supplement shall be $100,000, except as may be necessary to evidence the outstanding amount of any Note originally issued in a denomination of $100,000 or more;

(vi) all Additional Notes shall constitute Senior Funded Debt of the Company and shall rank pari passu with all other outstanding Notes; and

(vii) no Additional Notes shall be issued hereunder if at the time of issuance thereof and after giving effect to the application of the proceeds thereof, any Default or Event of Default shall have occurred and be continuing.

Section 1.5. Subsidiary Note Guaranty. The payment by the Company of all amounts due in respect of the Notes and the performance by the Company of its obligations under this Agreement will be absolutely and unconditionally guaranteed by Tresstar, LLC, UFP Ventures, Inc., UFP Ventures II, Inc., Universal Forest Products of Modesto LLC, UFP Real Estate, Inc., Universal Forest Products Eastern Division, Inc., Universal Forest Products Western Division, Inc., Shoffner Holding Company, Inc., Universal Forest Products Shoffner, LLC, Syracuse Real Estate, LLC, Universal Forest Products Indiana Limited Partnership, Universal Forest Products Texas Limited Partnership, Universal Forest Products Holding Company, Inc., Universal Forest Products Reclamation Center, Inc., Universal Truss, Inc. and Consolidated Building Components, Inc. (individually, an "Existing Subsidiary Guarantor"; and, collectively, the

"Existing Subsidiary Guarantors") pursuant to a Guaranty Agreement dated as of the Closing Date (the "2002 Subsidiary Note Guaranty") substantially in the form attached hereto as Exhibit B-1. Without limiting the foregoing, enforcement of the rights and benefits in respect of the 2002 Subsidiary Note Guaranty will be subject to an Intercreditor Agreement dated as of November 13, 1998 (the "Intercreditor Agreement") among the Creditors (as defined therein) and Bank One, N.A., as Collateral Agent, and to be joined by the Purchasers and any Additional Purchasers.

SECTION 2. PREPAYMENT OF NOTES.

Section 2.1. Required Prepayments. There shall be no required prepayment of any tranche of the Series 2002-A Notes prior to the stated maturity thereof. Any Additional Notes shall be subject to required prepayment only as set forth in the applicable Supplement.

Section 2.2. Optional Prepayment with Premium. Upon compliance with SECTION 2.4, the Company shall have the privilege, at any time and from time to time, of prepaying any tranche of the Notes, either in whole or in part (but if in part then in a minimum principal amount of $1,000,000), by payment of the principal amount of such tranche, or portion thereof to be prepaid, and accrued interest thereon to the date of such prepayment, together with a premium equal to the Make-Whole Amount, determined as of two Business Days prior to the date of such prepayment pursuant to this SECTION 2.2.

Section 2.3. Prepayment of Notes upon Change of Control. (a)(1) In the event that any Change of Control shall occur, the Company will give written notice (the "Company Notice") of such fact in the manner provided in SECTION 9.6 to the holders of the Notes. The Company Notice shall be delivered promptly upon receipt of such knowledge by the Company and in any event no later than three Business Days following the occurrence of any Change of Control. The Company Notice shall (1) describe the facts and circumstances of such Change of Control in reasonable detail, (2) make reference to this SECTION 2.3 and the right of the holders of the Notes to require prepayment of the Notes on the terms and conditions provided for in this SECTION 2.3, (3) offer in writing to prepay the outstanding Notes, together with accrued interest to the date of prepayment, and a premium equal to the then applicable Make-Whole Amount, and (4) specify a date for such prepayment (the "Change of Control Prepayment Date"), which Change of Control Prepayment Date shall be not more than 90 days nor less than 30 days following the date of such Company Notice. Each holder of the then outstanding Notes shall have the right to accept such offer and require prepayment of the Notes held by such holder in full by written notice to the Company (a "Noteholder Notice") given not later than 20 days after receipt of the Company Notice. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this SECTION 2.3(a) within such 20 day period shall be deemed to constitute an acceptance of such offer by such holder. The Company shall on the Change of Control Prepayment Date prepay in full all of the Notes held by holders which have so accepted such offer of prepayment or which have failed in writing to accept or reject such offer within such 20 day period. The prepayment price of the Notes payable upon the occurrence of any Change of Control shall be an amount equal to 100% of the outstanding principal amount of the Notes so to be prepaid and accrued interest thereon to the date of such prepayment, together with a premium equal to the then applicable Make-Whole

Amount, determined as of two Business Days prior to the date of such prepayment pursuant to this SECTION 2.3(a).

(2) Without limiting clause (1) of this SECTION 2.3(a), the Company shall immediately after any Responsible Officer has knowledge of an event which in the judgment of such Responsible Officer or the Board of Directors of the Company is reasonably likely to occur which would constitute a Change of Control and in any event no later than three Business Days thereafter, give written notice of such fact in the manner provided in SECTION 9.6 to the holders of the Notes.

(b) Without limiting the foregoing, notwithstanding any failure on the part of the Company to give the Company Notice required by SECTION 2.3(a), each holder of the Notes shall have the right, by delivery of written notice to the Company, to require the Company upon the occurrence of a Change of Control to prepay, and the Company will prepay, such holder's Notes in full, together with accrued interest thereon to the date of prepayment, and a premium equal to the then applicable Make-Whole Amount. Notice of any required prepayment pursuant to this SECTION 2.3(b) shall be delivered by any holder of the Notes which was entitled to, but did not receive, such Company Notice to the Company at any time after such holder has actual knowledge of such Change of Control. On the date (the "Change of Control Delayed Prepayment Date") designated in such holder's notice (which shall be not more than 90 days nor less than 30 days following the date of such holder's notice), the Company shall prepay in full all of the Notes held by such holder, together with accrued interest thereon to the date of prepayment, and a premium equal to the then applicable Make-Whole Amount. If the holder of any Note gives any notice pursuant to this SECTION 2.3(b), the Company shall give a Company Notice within three Business Days of receipt of such notice and identify the Change of Control Delayed Prepayment Date to all other holders of the Notes and each of such other holders shall then and thereupon have the right to accept the Company's offer to prepay the Notes held by such holder in full and require prepayment of such Notes by delivery of a Noteholder Notice within 20 days following receipt of such Company Notice; provided only that any date for prepayment of such holder's Notes shall be the Change of Control Delayed Prepayment Date. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this SECTION 2.3(b) within such 20 day period shall be deemed to constitute an acceptance of such offer by such holder. On the Change of Control Delayed Prepayment Date, the Company shall prepay in full the Notes of each holder thereof which has accepted such offer of prepayment or which has failed to accept or reject such offer within such 20 day period, in any such case at a prepayment price equal to 100% of the outstanding principal amount of the Notes so to be prepaid and accrued interest thereon to the date of such prepayment, together with a premium equal to the then applicable Make-Whole Amount, determined as of two Business Days prior to the date of such prepayment pursuant to this SECTION 2.3(b).

Section 2.4. Notice of Optional Prepayments. The Company will give notice of any prepayment of any tranche of the Notes pursuant to SECTION 2.2 to each holder of such tranche of not less than 30 days nor more than 60 days before the date fixed for such optional prepayment specifying (a) such date, (b) the principal amount of the holder's Notes of such tranche to be prepaid on such date, (c) that the Make-Whole Amount may be payable, (d) the date when such Make-Whole Amount will be calculated, (e) the estimated Make-Whole Amount, and (f) the accrued interest applicable to the prepayment. Such notice of prepayment shall also certify all

facts, if any, which are conditions precedent to any such prepayment. Notice of prepayment having been so given, the aggregate principal amount of the Notes specified in such notice, together with accrued interest thereon and the Make-Whole Amount, if any, payable with respect to such tranche shall become due and payable on the prepayment date specified in said notice. Two Business Days prior to the prepayment date specified in such notice, the Company shall provide each holder of a Note of the tranche to be prepaid written notice of the Make-Whole Amount, if any, payable in connection with such prepayment and, whether or not any Make-Whole Amount is payable, a reasonably detailed computation thereof.

Section 2.5. Application of Prepayments. All partial prepayments made pursuant to SECTION 2.2 shall be applied on all outstanding Notes of the same tranche ratably in accordance with the unpaid principal amounts thereof. All partial prepayments made pursuant to SECTION 2.3 shall be applied only to the Notes of the holders who have elected to participate in such prepayment.

Section 2.6. Direct Payment. Notwithstanding anything to the contrary contained in this Agreement or the Notes, in the case of any Note owned by you or your nominee or owned by any subsequent Institutional Holder which has given written notice to the Company requesting that the provisions of this SECTION 2.6 shall apply, the Company will punctually pay when due the principal thereof, interest thereon and Make-Whole Amount, if any, due with respect to said principal, without any presentment thereof, directly to you, to your nominee or to such subsequent Institutional Holder at your address or your nominee's address set forth in Schedule I hereto (or Schedule I to any Supplement) or such other address as you, your nominee or such subsequent Institutional Holder may from time to time designate in writing to the Company or, if a bank account with a United States bank is designated for you or your nominee on Schedule I hereto (or Schedule I to any Supplement) or in any written notice to the Company from you, from your nominee or from any such subsequent Institutional Holder, the Company will make such payments in immediately available funds to such bank account, no later than 11:00 a.m. Eastern Standard Time on the date due, marked for attention as indicated, or in such other manner or to such other account in any United States bank as you, your nominee or any such subsequent Institutional Holder may from time to time direct in writing. If for any reason whatsoever the Company does not make any such payment by such 11:00 a.m. transmittal time, such payment shall be deemed to have been made on the next following Business Day and such payment shall bear interest at the Overdue Rate.

SECTION 3. REPRESENTATIONS.

Section 3.1. Representations of the Company. The Company represents and warrants that all representations and warranties set forth in Exhibit C are true and correct as of the date hereof and are incorporated herein by reference with the same force and effect as though herein set forth in full.

Section 3.2. Representations of the Purchaser. (a) You represent, and in entering into this Agreement the Company understands, that you are acquiring the Notes for the purpose of investment and not with a view to the distribution thereof, and that you have no present intention of selling, negotiating or otherwise disposing of the Notes, it being understood, however, that the disposition of your property shall at all times be and remain within your control.

(b) You further represent that either: (1) you are acquiring the Notes with your "insurance company general account" within the meaning of Department of Labor Prohibited Transaction Exemption ("PTE") 95-60 (issued July 12, 1995) and there is no employee benefit plan, treating as a single plan, all plans maintained by the same employer or employee organization, with respect to which the amount of the general account reserves and liabilities for all contracts held by or on behalf of such plan, exceeds ten percent (10%) of the total reserves and liabilities of such general account (exclusive of separate account liabilities) plus surplus, as set forth in the NAIC Annual Statement filed with your state of domicile; (2) no part of such funds constitutes assets of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of section 4975(e)(1) of the Code; or (3) all or a part of such funds constitute assets of one or more separate accounts, trusts or a commingled pension trust maintained by you, and you have disclosed to the Company the names of such employee benefit plans whose assets in such separate account or accounts or pension trusts exceed 10% of the total assets or are expected to exceed 10% of the total assets of such account or accounts or trusts as of the date of such purchase and the Company has advised you in writing (and in making the representations set forth in this clause (3) you are relying on such advice) that the Company is not a party-in-interest nor are the Notes employer securities with respect to the particular employee benefit plan disclosed to the Company by you as aforesaid (for the purpose of this clause (3), all employee benefit plans maintained by the same employer or employee organization are deemed to be a single plan). As used in this SECTION 3.2(b), the terms "separate account", "party-in-interest", "employer securities" and "employee benefit plan" shall have the respective meanings assigned to them in ERISA.

SECTION 4. CLOSING CONDITIONS.

Section 4.1. Conditions. Your obligation to purchase the Notes on the Closing Date shall be subject to the performance by the Company of its agreements hereunder which by the terms hereof are to be performed at or prior to the time of delivery of the Notes and to the following further conditions precedent:

(a) Closing Certificates. (1) Concurrently with the delivery of the Notes on the Closing Date, you shall have received a certificate dated the Closing Date, signed by a Responsible Officer of the Company, the truth and accuracy of which shall be a condition to your obligation to purchase the Notes proposed to be sold to you and to the effect that (i) the representations and warranties of the Company set forth in Exhibit C hereto are true and correct on and with respect to the Closing Date, (ii) the Company has performed all of its obligations hereunder which are to be performed on or prior to the Closing Date, and (iii) no Default or Event of Default has occurred and is continuing; and

(2) You shall have received a certificate dated the Closing Date, signed by an authorized officer of each of the Existing Subsidiary Guarantors, the truth and accuracy of which shall be a condition to your obligation to purchase the Notes proposed to be sold to you and to the effect that (i) the representations and warranties of the Existing Subsidiary Guarantors set forth in the 2002 Subsidiary Note Guaranty are true and correct on and with respect to the Closing Date, (ii) each Existing Subsidiary Guarantor has performed all of its obligations under the 2002 Subsidiary Note Guaranty which are to be

performed on or prior to the Closing Date, and (iii) no Default or Event of Default has occurred and is continuing.

(b) 2002 Subsidiary Note Guaranty and Intercreditor Agreement. (1) The 2002 Subsidiary Note Guaranty shall have been duly executed and delivered by the parties thereto to you and shall be in full force and effect and you shall have received true, correct and complete copies thereof; and

(2) You shall have joined the Intercreditor Agreement.

(c) Legal Opinions. You shall have received from Chapman and Cutler, who are acting as your special counsel in this transaction, and from Varnum, Riddering, Schmidt & Howlett, counsel for the Company and the Initial Subsidiary Guarantors, their respective opinions dated the Closing Date, in form and substance satisfactory to you, and covering the matters set forth in Exhibits D and E, respectively, hereto.

(d) Existence and Authority. On or prior to the Closing Date, you shall have received, in form and substance reasonably satisfactory to you and your special counsel, such documents and evidence with respect to the Company and each of the Existing Subsidiary Guarantors as you may reasonably request in order to establish the existence and good standing of the Company and each of the Existing Subsidiary Guarantors and the authorization of the transactions contemplated by this Agreement and the 2002 Subsidiary Note Guaranty.

(e) Related Transactions. The Company shall have consummated the sale of the entire principal amount of the Notes scheduled to be sold on the Closing Date pursuant to this Agreement and the other agreements referred to in SECTION 1.3.

(f) Private Placement Numbers. On or prior to the Closing Date, special counsel to the Purchasers shall have duly made the appropriate filings with Standard & Poor's CUSIP Service Bureau, as agent for the National Association of Insurance Commissioners, in order to obtain a private placement number for each tranche of the series of Notes being sold on the Closing Date.

(g) Funding Instructions. At least three Business Days prior to the Closing Date, you shall have received written instructions executed by a Responsible Officer of the Company directing the manner of the payment of funds on the Closing Date and setting forth (1) the name of the transferee bank, (2) such transferee bank's ABA number, (3) the account name and number into which the purchase price for the Notes is to be deposited, (4) the purchase price of the Notes to be purchased by you, and (5) the name and telephone number of the account representative responsible for verifying receipt of such funds.

(h) Special Counsel Fees. Concurrently with the delivery of the Notes to you on the Closing Date, the reasonable charges and disbursements of Chapman and Cutler, your special counsel, shall have been paid by the Company to the extent reflected in a

statement of such counsel rendered to the Company at least one Business Day prior to the Closing Date.

(i) Legality of Investment. The Notes to be purchased by you shall be a legal investment for you under the laws of each jurisdiction to which you may be subject (without resort to any so-called "basket provisions" to such laws).

(j) Satisfactory Proceedings. All proceedings taken in connection with the transactions contemplated by this Agreement and the 2002 Subsidiary Note Guaranty, and all documents necessary to the consummation thereof, shall be satisfactory in form and substance to you and your special counsel, and you shall have received a copy (executed or certified as may be appropriate) of all legal documents or proceedings taken in connection with the consummation of said transactions.

Section 4.2. Waiver of Conditions. If on the Closing Date the Company fails to tender to you the Notes to be issued to you on such date or if the conditions specified in SECTION 4.1 have not been fulfilled, you may thereupon elect to be relieved of all further obligations under this Agreement. Without limiting the foregoing, if the conditions specified in SECTION 4.1 have not been fulfilled, you may waive compliance by the Company with any such condition to such extent as you may in your sole discretion determine. Nothing in this SECTION 4.2 shall operate to relieve the Company of any of its obligations hereunder or to waive any of your rights against the Company.

Section 4.3. Conditions to Issuance of Additional Notes. The obligations of the Additional Purchasers to purchase Additional Notes shall be subject to the following conditions precedent, in addition to the conditions specified in the Supplement pursuant to which such Additional Notes may be issued:

(a) Compliance Certificate. A duly authorized Responsible Officer shall execute and deliver to each Additional Purchaser an Officer's Certificate dated the date of issue of such Additional Notes stating that such officer has reviewed the provisions of this Agreement (including any Supplements hereto) and setting forth the information and computations (in sufficient detail) required in order to establish whether the Company is in compliance with the requirements of SECTIONS 5.6, 5.7, 5.8, 5.9 and 5.10 on such date.

(b) Execution and Delivery of Supplement. The Company and each such Additional Purchaser shall execute and deliver a Supplement substantially in the form of Exhibit F hereto.

(c) Representations of Additional Purchasers. Each Additional Purchaser shall have confirmed in the Supplement that the representations set forth in SECTION 3 are true with respect to such Additional Purchaser on and as of the date of issue of the Additional Notes.

SECTION 5. COMPANY COVENANTS.

From and after the Closing Date and continuing so long as any amount remains unpaid on any Note:

Section 5.1. Corporate Existence, Etc. The Company will preserve and keep in full force and effect, and will cause each Restricted Subsidiary to preserve and keep in full force and effect, its corporate existence and all licenses and permits necessary to the proper conduct of its business, if in the case of any such license or permit, the failure to preserve and keep the same could reasonably be expected to have a Material Adverse Effect, provided that the foregoing shall not prevent any transaction permitted by SECTION 5.10.

Section 5.2. Insurance. The Company will maintain, and will cause each Restricted Subsidiary to maintain, insurance coverage by financially sound and reputable insurers and in such forms and amounts and against such risks as are customary for corporations of established reputation engaged in the same or a similar business and owning and operating similar properties; provided that nothing contained in this SECTION 5.2 shall be deemed or construed to prohibit the Company or any Restricted Subsidiary from self-insuring such risks as are customary for corporations having a net worth (determined in accordance with GAAP) comparable to the net worth of the Company or such Restricted Subsidiary, as the case may be, and engaged in the same or a similar business and owning and operating similar properties.

Section 5.3. Taxes, Claims for Labor and Materials; Compliance with Laws. (a) The Company will promptly pay and discharge, and will cause each Restricted Subsidiary promptly to pay and discharge, all lawful taxes, assessments and governmental charges or levies imposed upon the Company or such Restricted Subsidiary, respectively, or upon or in respect of all or any part of the property or business of the Company or such Restricted Subsidiary, all trade accounts payable in accordance with usual and customary business terms, and all claims for work, labor or materials, which if unpaid might become a Lien upon any property of the Company or such Restricted Subsidiary; provided that the Company or such Restricted Subsidiary shall not be required to pay or make a filing with regard to any such tax, assessment, charge, levy, account payable or claim if (1)(i) the validity, applicability or amount thereof is being contested in good faith by appropriate actions or proceedings which will prevent the forfeiture or sale of any property of the Company or such Restricted Subsidiary or any material interference with the use thereof by the Company or such Restricted Subsidiary and (ii) the Company or such Restricted Subsidiary shall set aside on its books, reserves deemed by it to be adequate with respect thereto, or (2) the non-payment of any such tax, assessment, charge, levy, account payable or claim could not reasonably be expected to have a Material Adverse Effect, or (3) to the extent that failure to pay any of the foregoing or comply with any of the foregoing relates solely to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Subsidiary Guarantors and if all such non Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary (but the Company shall provide notice to the holders of the Notes of the occurrence of any such failure to comply or failure to pay described in this proviso).

(b) The Company will promptly comply and will cause each Restricted Subsidiary to promptly comply with all laws, ordinances or governmental rules and regulations to which it is subject, including, without limitation, the Occupational Safety and Health Act of 1970, as amended, ERISA and all Environmental Laws, the violation of which could reasonably be expected to have a Material Adverse Effect or would result in any Lien not permitted under SECTION 5.9, provided that the foregoing does not apply to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Subsidiary Guarantors if all such non Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary.

Section 5.4. Maintenance, Etc. The Company will maintain, preserve and keep, and will cause each Restricted Subsidiary to maintain, preserve and keep, its properties which are used or useful in the conduct of its business (whether owned in fee or a leasehold interest) in good repair and working order and from time to time will make all necessary repairs, replacements, renewals and additions so that at all times the efficiency and marketability thereof shall not be materially impaired or materially degraded, if the failure to complete any such repair, replacement, renewal or addition could reasonably be expected to have a Material Adverse Effect.

Section 5.5. Nature of Business. Neither the Company nor any Restricted Subsidiary will engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged in by the Company and its Restricted Subsidiaries would be substantially changed from the general nature of the business engaged in by the Company and its Restricted Subsidiaries on the date of this Agreement and described in the Offering Materials.

Section 5.6. Consolidated Net Worth. The Company will at all times keep and maintain Consolidated Net Worth at an amount not less than the sum of (a) $155,000,000 plus (b) 50% of Consolidated Net Earnings for the fiscal quarter of the Company ending in December, 1998 and each fiscal year of the Company ending thereafter, provided that if such Consolidated Net Earnings of the Company is negative for the fiscal quarter ending in December, 1998 or any fiscal year thereafter, as the case may be, the amount added for such fiscal quarter or year shall be zero and it shall not reduce the amount added for any other fiscal year, and plus 100% of the net proceeds from the sale or other transfer of any capital stock of the Company.

Section 5.7. Fixed Charges Coverage Ratio. The Company will at all times keep and maintain the ratio of Consolidated Net Earnings Available for Fixed Charges for any four of the immediately preceding five fiscal quarters (taken as a single accounting period) to Consolidated Fixed Charges for such period at not less than 1.75 to 1.00.

For purposes of calculations under this SECTION 5.7, Consolidated Net Earnings Available for Fixed Charges and Consolidated Fixed Charges shall be adjusted for the period in respect of which any such calculation is being made to give effect to (i) the audited "net earnings" (determined in a manner consistent with the definition of "Consolidated Net Earnings" contained in this Agreement) of any business entity acquired by the Company or any Restricted Subsidiary (the "Acquired Business") and (ii) all Indebtedness incurred by the Company or any Restricted Subsidiary in connection with such acquisition, and shall be computed as if the Acquired

Business had been a Restricted Subsidiary throughout the period and all Indebtedness incurred in connection with such acquisition had been incurred at the beginning of such period in respect of which such calculation is being made. In the case of any business entity acquired during the twelve calendar month period immediately preceding the date of any determination hereunder whose financial records are not, and are not required to be in accordance with applicable laws, rules and regulations, audited by the Company's independent public accountants at the time of the acquisition thereof, the Company shall base such determination upon the Company's internally audited net earnings of such business entity for the immediately preceding fiscal year or the net earnings of such business entity as audited by such business entity's independent auditors for the immediately preceding fiscal year.

Section 5.8. Limitations on Current Debt and Funded Debt. (a) The Company will not permit or suffer the Adjusted Leveraged Ratio to be greater than 0.60 to 1.0 at any time.

(b) The Company will not, and will not permit any Restricted Subsidiary to, create, assume, guarantee or otherwise incur or any in manner be or become liable in respect of (1) any Current Debt or Funded Debt of the Company or any Restricted Subsidiary secured by Liens permitted by SECTION 5.9(a)(8), or (2) any other Current Debt or Funded Debt of a Restricted Subsidiary (other than Qualified Current Debt and Qualified Funded Debt of a Restricted Subsidiary Guarantor), or (3) any Attributable Indebtedness of Sale and Leaseback Transactions of the Company or any Restricted Subsidiary, unless at the time of creation, issuance, assumption, guarantee or incurrence thereof and after giving effect thereto and to the application of the proceeds thereof, the sum of (A) Current Debt and Funded Debt of the Company and its Restricted Subsidiaries secured by Liens permitted by SECTION 5.9(a)(8), plus (without duplication) (B) Current Debt and Funded Debt of Restricted Subsidiaries (other than Qualified Current Debt and Qualified Funded Debt of Restricted Subsidiary Guarantors) and (C) Attributable Indebtedness of Sale and Leaseback Transactions of the Company and its Restricted Subsidiaries would not exceed 15% of Consolidated Net Worth.

(c) Any Person which becomes a Restricted Subsidiary after the date hereof shall for all purposes of this SECTION 5.8 be deemed to have created, assumed or incurred at the time it becomes a Restricted Subsidiary all Current Debt and Funded Debt of such Person existing immediately after it becomes a Restricted Subsidiary.

Section 5.9. Limitation on Liens. (a) The Company will not, and will not permit any Restricted Subsidiary to, create or incur, or suffer to be incurred or to exist, any Lien on its or their property or assets, whether now owned or hereafter acquired, or upon any income or profits therefrom, or transfer any property for the purpose of subjecting the same to the payment of obligations in priority to the payment of its or their general creditors, or acquire or agree to acquire, or permit any Restricted Subsidiary to acquire, any property or assets upon conditional sales agreements or other title retention devices, except:

(1) Liens for property taxes and assessments or governmental charges or levies and Liens securing claims or demands of mechanics and materialmen, provided that payment thereof is not at the time required by SECTION 5.3 and the existence of such Lien would not materially and adversely affect the properties, business, profits, prospects or

condition (financial or otherwise) of the Company or of the Company and its Restricted Subsidiaries, taken as a whole;

(2) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which the Company or a Restricted Subsidiary shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall have been secured; provided that the existence of such Lien would not materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of the Company or of the Company and its Restricted Subsidiaries, taken as a whole;

(3) Liens incidental to the conduct of business or the ownership of properties and assets (including Liens in connection with worker's compensation, unemployment insurance and other like laws, warehousemen's and attorneys' liens and statutory landlords' liens) and Liens to secure the performance of bids, tenders or trade contracts, or to secure statutory obligations, surety or appeal bonds or other Liens of like general nature, in any such case incurred in the ordinary course of business and not in connection with the borrowing of money, which in any such case would not materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of the Company or of the Company and its Restricted Subsidiaries taken as a whole, provided that any obligation so secured is not overdue or, if overdue, is being contested in good faith by appropriate actions or proceedings;

(4) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, which are necessary for the conduct of the activities of the Company and its Restricted Subsidiaries or which customarily exist on properties of corporations engaged in similar activities and similarly situated and which do not in any event materially impair their use in the operation of the business of the Company or of the Company and its Restricted Subsidiaries taken as a whole;

(5) Liens securing Indebtedness of a Restricted Subsidiary to the Company or to a Wholly-owned Restricted Subsidiary;

(6) Liens existing as of the Closing Date and described on Schedule II hereto;

(7) Liens created or incurred after the Closing Date given to secure the payment of the purchase price, cost of improvement or cost of construction of property or assets useful and intended to be used in carrying on the business of the Company or a Restricted Subsidiary, including Liens existing on such property or assets at the time of acquisition thereof or at the time of acquisition or purchase by the Company or a Restricted Subsidiary of any business entity then owning such property or assets, whether or not such existing Liens were given to secure the payment of the purchase price of the property or assets to which they attach, provided that (1) the Lien shall attach solely to

the property or assets acquired, purchased, improved or constructed, (2) such Lien shall have been created or incurred within 120 days of the date of acquisition or purchase or of completion of such improvement or construction, as the case may be, (3) at the time of acquisition or purchase or the date of completion of such improvement or construction, as the case may be, the aggregate amount remaining unpaid on all Indebtedness secured by Liens on such property or assets, whether or not assumed by the Company or a Restricted Subsidiary, shall not exceed the lesser of (i) the total purchase price, cost of improvement or cost of construction, as the case may be, or (ii) the fair market value at the time of acquisition or purchase or the date of completion of the improvement or construction of such property or assets (as determined in good faith by the Board of Directors of the Company) and (4) all such Funded Debt shall have been incurred within the limitations provided in SECTION 5.8(b);

(8) Liens created or incurred after the Closing Date given to secure Current Debt or Funded Debt of the Company and its Restricted Subsidiaries, in addition to the Liens permitted by the preceding clauses (1) through (7) of this SECTION 5.9(a), provided that all Current Debt and Funded Debt secured by Liens created or incurred pursuant to this clause (8) shall have been incurred within the limitations provided in SECTION 5.8(a) and (b);

(9) any extension, renewal or refunding of any Lien permitted by the preceding clause (6) of this SECTION 5.9(a) in respect of the same property theretofore subject to such Lien in connection with the extension, renewal or refunding of the Indebtedness secured thereby; provided that (i) such extension, renewal or refunding of Indebtedness shall be without increase in the principal amount remaining unpaid as of the date of such extension, renewal or refunding, (ii) such Lien shall attach solely to the same such property, and (iii) at the time of such extension, renewal or refunding and after giving effect thereto, no Default or Event of Default would exist; and

(10) Liens created by any Stock Pledge Agreements.

(b) In case any property, asset or income or profits therefrom is subjected to a Lien in violation of this SECTION 5.9, the Company will make or cause to be made provisions whereby the Notes will be secured equally and ratably with all other obligations secured thereby, and in any case the Notes shall have the benefit, to the full extent that, and with such priority as, the holders may be entitled thereto under applicable law, of an equitable and ratable Lien on such property, asset, income or profits securing the Notes. Such violation of SECTION 5.9 shall constitute an Event of Default hereunder, whether or not any such provision is made pursuant to this SECTION 5.9(b), unless such Event of Default is waived by the Requisite Holders.

Section 5.10. Mergers, Consolidations and Sales of Assets. (a) The Company will not, and will not permit any Restricted Subsidiary to, consolidate with or be a party to a merger with any other corporation, or sell, lease or otherwise dispose of all or substantially all of its assets; provided that:

(1) any Restricted Subsidiary may merge or consolidate with or into the Company or any Wholly-owned Restricted Subsidiary which is a Domestic Restricted

Subsidiary so long as in any merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation;

(2) the Company may consolidate or merge with any other corporation if (i) the corporation which results from such merger or consolidation (the "surviving corporation") is organized under the laws of any state of the United States or the District of Columbia, (ii) the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observation of all of the covenants in the Notes and this Agreement to be performed or observed by the Company are expressly assumed in writing by the surviving corporation and the surviving corporation shall furnish the holders of the Notes an opinion of counsel satisfactory to such holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the surviving corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, and (iii) at the time of such consolidation or merger and immediately after giving effect thereto, (A) no Default or Event of Default would exist and (B) the surviving corporation would be permitted by the provisions of SECTION 5.8(b) to incur at least $1.00 of additional Funded Debt;

(3) the Company may sell or otherwise dispose of all or substantially all of its assets (other than stock and Indebtedness of a Restricted Subsidiary, which may only be sold or otherwise disposed of pursuant to SECTION 5.10(c)) to any Person for consideration which represents the fair market value (as determined in good faith by the Board of Directors of the Company, a copy of which determination certified by the Secretary or an Assistant Secretary of the Company shall have been furnished to the holders of the Notes) at the time of such sale or other disposition if (i) the acquiring Person is a corporation organized under the laws of any state of the United States or the District of Columbia, (ii) the due and punctual payment of the principal of and premium, if any, and interest on all the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants in the Notes and in this Agreement to be performed or observed by the Company are expressly assumed in writing by the acquiring corporation and the acquiring corporation shall furnish the holders of the Notes an opinion of counsel satisfactory to such holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such acquiring corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, and (iii) at the time of such sale or disposition and immediately after giving effect thereto, (A) no Default or Event of Default would exist and (B) the acquiring corporation would be permitted by the provisions of SECTION 5.8(b) to incur at least $1.00 of additional Funded Debt.

(b) Notwithstanding any of the provisions of SECTION 5.10(a)(3), the Company will not, and will not permit any Restricted Subsidiary to, sell, lease, transfer, abandon or otherwise dispose of assets (except assets sold in the ordinary course of business for fair market value); provided that the foregoing restrictions do not apply to:

(1) the sale, lease, transfer or other disposition of assets of a Restricted Subsidiary to the Company or a Wholly-owned Restricted Subsidiary or of the Company to a Wholly-Owned Restricted Subsidiary; or

(2) the sale of such assets for cash or other property to a Person or Persons other than an Affiliate if all of the following conditions are met:

(i) such assets (valued at net book value) do not, together with all other assets of the Company and its Subsidiaries previously disposed of during the same fiscal year (other than in the ordinary course of business), exceed 10% of Consolidated Total Assets, and such assets (valued at net book value) do not, together with all other assets of the Company and its Restricted Subsidiaries previously disposed of during the period from the date of this Agreement to and including the date of the sale of such assets (other than in the ordinary course of business), exceed 25% of Consolidated Total Assets, in each such case determined as of the end of the immediately preceding fiscal quarter;

(ii) in the opinion of the Board of Directors of the Company if the aggregate sale price of such assets is $1,000,000 or more and in the opinion of a Responsible Officer of the Company if the aggregate sale price of such assets is less than $1,000,000, the sale is for fair value and is in the best interests of the Company; and

(iii) immediately prior to and immediately after the consummation of the transaction and after giving effect thereto, (A) no Default or Event of Default would exist, and (B) the Company would be permitted by the provisions of SECTION 5.8(b) to incur at least $1.00 of additional Funded Debt;

provided, however, that for purposes of the foregoing calculation, there shall not be included any assets the proceeds of which were or are applied within twelve months of the date of sale of such assets to either (A) the acquisition of property or assets useful and intended to be used in the operation of the Company and its Restricted Subsidiaries as described in SECTION 5.5 and similar in nature to the assets so sold and the purchase price of which is at least equal to that of the property or assets so disposed of or (B) the prepayment at any applicable prepayment premium, on a pro rata basis, of Senior Indebtedness (including, without limitation, the Notes) of the Company ranking pari passu with the Notes. It is understood and agreed by the Company that any such proceeds paid and applied to the prepayment of the Notes as hereinabove provided shall be prepaid as and to the extent provided in SECTION 2.2.

Computations pursuant to this SECTION 5.10(b) shall include dispositions made pursuant to SECTION 5.10(c) and computations pursuant to SECTION 5.10(c) shall include dispositions made pursuant to this SECTION 5.10(b).

(c) The Company will not, and will not permit any Restricted Subsidiary to, sell, pledge or otherwise dispose of any shares of the stock (including as "stock" for the purposes of this Section any options or warrants to purchase stock or other Securities exchangeable for or convertible into stock) of a Restricted Subsidiary (said stock, options, warrants and other Securities herein called "Restricted Subsidiary Stock") or any Indebtedness of any Restricted Subsidiary, nor will any Restricted Subsidiary issue, sell, pledge or otherwise dispose of any shares of its own Restricted Subsidiary Stock, provided that the foregoing restrictions do not apply to:

(1) the issue of directors qualifying shares; or

(2) the issue of Restricted Subsidiary Stock to the Company; or

(3) the sale or other disposition at one time to a Person (other than directly or indirectly to an Affiliate) of the entire Investment of the Company and its Restricted Subsidiaries in any Restricted Subsidiary, provided that any sale or other disposition pursuant to this clause (3) of SECTION 5.10(c) must satisfy all of the following conditions:

(i) the assets (valued at the higher of net book value or fair market value) of such Restricted Subsidiary do not, together with all other assets of the Company and its Restricted Subsidiaries previously disposed of during the same fiscal year (other than in the ordinary course of business), exceed 10% of Consolidated Total Assets, and the assets (valued at the higher of net book value or fair market value) of such Restricted Subsidiary do not, together with all other assets of the Company and its Restricted Subsidiaries previously disposed of during the period from the date of this Agreement to and including the date of the sale of such assets (other than in the ordinary course of business), exceed 25% of Consolidated Total Assets, in each such case determined as of the end of the immediately preceding fiscal quarter;

(ii) in the opinion of the Company's Board of Directors, the sale is for fair value and is in the best interests of the Company;

(iii) immediately after the consummation of the transaction and after giving effect thereto, such Restricted Subsidiary shall have no Indebtedness of or continuing Investment in the capital stock of the Company or of any Restricted Subsidiary and any such Indebtedness or Investment shall have been discharged or acquired, as the case may be, by the Company or a Restricted Subsidiary; and

(iv) immediately prior to and immediately after the consummation of the transaction and after giving effect thereto, (A) no Default or Event of Default

would exist, and (B) the Company would be permitted by the provisions of SECTION 5.8(b) to incur at least $1.00 of additional Funded Debt;

provided, however, that for purposes of the foregoing calculation, there shall not be included any assets the proceeds of which were or are applied within twelve months of the date of sale of such assets to either (A) the acquisition of property or assets useful and intended to be used in the operation of the Company and its Restricted Subsidiaries as described in SECTION 5.5 and similar in nature to the assets so sold and the purchase price of which is at least equal to that of the property or assets so disposed of or (B) the prepayment at any applicable prepayment premium, on a pro rata basis, of Senior Indebtedness (including, without limitation, the Notes) of the Company ranking pari passu with the Notes. It is understood and agreed by the Company that any such proceeds paid and applied to the prepayment of the Notes as hereinabove provided shall be prepaid as and to the extent provided SECTION 2.2.

Computations pursuant to this SECTION 5.10(c) shall include dispositions made pursuant to SECTION 5.10(b) and computations pursuant to SECTION 5.10(b) shall include dispositions made pursuant to this SECTION 5.10(c).

Section 5.11. Guaranties. The Company will not, and will not permit any Restricted Subsidiary to, become or be liable in respect of any Guaranty except Guaranties by the Company which are limited in amount to a stated maximum dollar exposure or which constitute Guaranties of obligations incurred by any Restricted Subsidiary in compliance with the provisions of this Agreement; provided that nothing contained in this SECTION 5.11 shall be deemed or construed to prohibit any Restricted Subsidiary from executing and delivering any new Subsidiary Note Guaranty or joining the 2002 Subsidiary Note Guaranty and the Existing Subsidiary Note Guaranty, as the case may be, as contemplated by Sections SECTION 1.5 and SECTION 5.17, respectively, or from executing and delivering any Subsidiary Bank Guaranty; provided that in each such case each beneficiary of any such Guaranty shall have entered into and become a party to the Intercreditor Agreement.

Section 5.12. Notes to Rank Pari Passu. The Company will keep and maintain the Notes and all other obligations outstanding at any time under this Agreement as direct obligations of the Company ranking pari passu as against the assets of the Company with all other present and future unsecured Senior Indebtedness of the Company.

Section 5.13. Repurchase of Notes. Neither the Company nor any Restricted Subsidiary or Affiliate, directly or indirectly, may repurchase or make any offer to repurchase any Notes.

Section 5.14. Transactions with Affiliates. The Company will not, and will not permit any Restricted Subsidiary to, enter into or be a party to any transaction or arrangement with any Affiliate (including, without limitation, the purchase from, sale to or exchange of property with, or the rendering of any service by or for, any Affiliate), except in the ordinary course of and pursuant to the reasonable requirements of the Company's or such Restricted Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Restricted Subsidiary than would obtain in a comparable arm's-length transaction with a Person other than

an Affiliate; provided that nothing contained in this SECTION 5.14 shall be deemed or construed to prohibit the Company from making Investments in Officer Notes; provided that the aggregate principal amount of all such Officer Notes at any one time outstanding shall not exceed $1,500,000 and the aggregate principal amount of all Officer Notes due and owing from any one officer of the Company at any one time outstanding shall not exceed $100,000.

Section 5.15. Termination of Pension Plans. The Company will not and will not permit any Restricted Subsidiary to withdraw from any Multiemployer Plan or permit any employee benefit plan maintained by it to be terminated if such withdrawal or termination could result in withdrawal liability (as described in Part 1 of Subtitle E of Title IV of ERISA) or the imposition of a Lien on any property of the Company or any Restricted Subsidiary pursuant to Section 4068 of ERISA.

Section 5.16. Reports; Rights of Inspection; Retention of Consultants. (a) Reports. The Company will keep, and will cause each Restricted Subsidiary to keep, proper books of record and account in which full and correct entries will be made of all dealings or transactions of, or in relation to, the business and affairs of the Company or such Restricted Subsidiary, in accordance with GAAP consistently applied (except for changes disclosed in the financial statements furnished to you pursuant to this SECTION 5.16(a) and concurred in by the independent public accountants referred to in SECTION 5.16(a)(2)), and will furnish to you so long as you are the holder of any Note and to each other Institutional Holder of the then outstanding Notes (in duplicate if so specified below or otherwise requested):

(1) Quarterly Statements. As soon as available and in any event within 45 days after the end of each quarterly fiscal period (except the last) of each fiscal year, copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as of the close of such quarterly fiscal period, setting forth in comparative form the consolidated figures for the fiscal year then most recently ended,

(ii) a consolidated statement of earnings of the Company and its Subsidiaries for such quarterly fiscal period and for the portion of the fiscal year ending with such quarterly fiscal period, in each case setting forth in comparative form the consolidated figures for the corresponding periods of the preceding fiscal year, and

(iii) a consolidated statement of cash flows and shareholder's equity of the Company and its Subsidiaries for the portion of the fiscal year ending with such quarterly fiscal period, setting forth in comparative form the consolidated figures for the corresponding period of the preceding fiscal year,

all in reasonable detail and certified as complete and correct by an authorized financial officer of the Company, provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with

the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this SECTION 5.16(a)(1);

(2) Annual Statements. As soon as available and in any event within 90 days after the close of each fiscal year of the Company, copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as of the close of such fiscal year, and

(ii) consolidated statements of earnings, shareholders' equity and cash flows of the Company and its Subsidiaries for such fiscal year,

in each case setting forth in comparative form the consolidated figures for the preceding fiscal year, all in reasonable detail and accompanied by a report thereon of a firm of independent public accountants of recognized national standing selected by the Company to the effect that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of the end of the fiscal year being reported on and the consolidated results of the operations and cash flows for said year in conformity with GAAP and that the examination of such accountants in connection with such financial statements has been conducted in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as said accountants deemed necessary in the circumstances, provided that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission, together with the accountant's certificate described in paragraph (7) below, shall be deemed to satisfy the requirements of this SECTION 5.16(a)(2);

(3) Audit Reports. Promptly upon receipt thereof, one copy of each interim or special audit made by independent accountants of the books of the Company or any Restricted Subsidiary and any management letter received from such accountants; provided that nothing contained in this clause (3) shall be deemed or construed to require the Company or any Restricted Subsidiary to furnish to any holder of the Notes any interim or special audit made by any internal accountant employed by the Company or any Restricted Subsidiary;

(4) SEC and Other Reports. A copy of any SEC filing by the Company containing information of a financial nature and of any press release of the Company generally made available to stockholders of the Company concerning a Material development, in each case to be delivered promptly after becoming available;

(5) ERISA Reports. Promptly upon the occurrence thereof, written notice of (i) a Reportable Event with respect to any Plan; (ii) the institution of any steps by the Company, any ERISA Affiliate, the PBGC or any other Person to terminate any Plan;

(iii) the institution of any steps by the Company or any ERISA Affiliate to withdraw from any Plan; (iv) a non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA in connection with any Plan; (v) any material increase in the contingent liability of the Company or any Restricted Subsidiary with respect to any post-retirement welfare liability; or (vi) the taking of any action by, or the threatening of the taking of any action by, the Internal Revenue Service, the Department of Labor or the PBGC with respect to any of the foregoing;

(6) Officer's Certificates. Within the periods provided in paragraphs (1) and (2) above, a certificate of a senior financial officer of the Company stating that such officer has reviewed the provisions of this Agreement and setting forth: (i) the information and computations (in sufficient detail) required in order to establish whether the Company was in compliance with the requirements of SECTION 5.6 through SECTION 5.10 at the end of the period covered by the financial statements then being furnished, including, without limitation, computations (in sufficient detail) required in order to establish whether the Company was in compliance with the provisions of SECTION 5.7 at the end of each calendar month during the fiscal quarter then ended, and (ii) whether there existed as of the date of such financial statements and whether, to the best of such officer's knowledge, there exists on the date of the certificate or existed at any time during the period covered by such financial statements any Default or Event of Default and, if any such condition or event exists on the date of the certificate, specifying the nature and period of existence thereof and the action the Company is taking and proposes to take with respect thereto;

(7) Accountants' Certificates. Within the period provided in paragraph (2) above, a certificate of the accountants who render an opinion with respect to such financial statements, stating that they have reviewed this Agreement and the officer's certificate delivered in accordance with paragraph (6) above for the quarterly fiscal period ending on the last day of the immediately preceding fiscal year, and stating further whether, in making their audit and reviewing such officer's certificate, such accountants have become aware of any Default or Event of Default under any of the terms or provisions of this Agreement insofar as any such terms or provisions pertain to or involve accounting matters or determinations, and if any such condition or event then exists, specifying the nature and period of existence thereof;

(8) Requested Information. With reasonable promptness, such other data and information as you or any such Institutional Holder may reasonably request;

(9) Unrestricted Subsidiaries. In the event that Unrestricted Subsidiaries account for more than 10% of the consolidated total assets of the Company and its Subsidiaries, or more than 10% of the consolidated revenue of the Company and its Subsidiaries, then each set of financial information delivered pursuant to paragraphs (1) and (2) of this SECTION 5.16(a) shall be accompanied by unaudited financial statements for all Unrestricted Subsidiaries of the Company taken as a group, together with consolidating statements reflecting eliminations or adjustments required to reconcile such group statements to the consolidated financial statements of the Company and its Subsidiaries; and

(10) Supplements. In the event that more than one series of Notes is issued under this Agreement, within 10 Business Days after the execution and delivery thereof, a copy of any Supplement.

(b) Rights of Inspection. Without limiting the foregoing, the Company will permit you, so long as you are the holder of any Note, and each Institutional Holder of the then outstanding Notes (or such Persons as either you or such Institutional Holder may designate), to visit and inspect, under the Company's guidance, any of the properties of the Company or any Restricted Subsidiary, to examine all of their books of account, records, reports and other papers, to make copies and extracts therefrom and to discuss their respective affairs, finances and accounts with their respective officers, employees, and independent public accountants (and by this provision the Company authorizes said accountants to discuss with you the finances and affairs of the Company and its Restricted Subsidiaries), all at such reasonable times and as often as may be reasonably requested. Any visitation shall be at the sole expense of you or such Institutional Holder, unless a Default or Event of Default shall have occurred and be continuing or the holder of any Note or of any other evidence of Indebtedness of the Company or any Restricted Subsidiary gives any written notice or takes any other action with respect to a claimed default, in which case, any such visitation or inspection shall be at the sole expense of the Company.

(c) Retention of Consultants. If a Default or an Event of Default has occurred and is continuing, the Requisite Holders may request that the Company, at the sole cost and expense of the Company, retain a business, financial, pension or environmental consultant to review and analyze the reports required to be made by the Company pursuant to this SECTION 5.16 or to inspect the books of account, records, reports and other papers and the properties, operations and administration of the Company or any Restricted Subsidiary, and to submit written reports of such review, analysis or inspection to the holders of the Notes, and the Company agrees within fifteen (15) Business Days of such request to appoint a consultant which in the reasonable judgment of a Responsible Officer of the Company is qualified to complete such review and analysis and which consultant shall be reasonably acceptable to the Requisite Holders. The Company agrees that the Requisite Holders may, at the sole cost and expense of the Company, retain at any time a business, financial, pension or environmental consultant to review and analyze the reports required to be made by the Company pursuant to this SECTION 5.16 or to inspect the books of account, records, reports and other papers and the properties, operations and administration of the Company and any Restricted Subsidiary and to submit written reports of such review, analysis or inspection to the holders of the Notes. The Company agrees to give prompt written notice of any such request by the Requisite Holders to each of the other holders of the Notes and to furnish a copy of each such written report to each of the holders of the Notes.

Section 5.17. Guaranty by Subsidiaries. (a) Subject to clause (b) of this SECTION 5.17, the Company will cause each Subsidiary which delivers a Guaranty after the Closing Date to concurrently enter into a Subsidiary Note Guaranty, and within three Business Days thereafter shall deliver to each of the holders of the Notes the following items:

(1) an executed counterpart of the Subsidiary Note Guaranty or a joinder agreement pursuant to which such Subsidiary becomes a party to the 2002 Subsidiary Note Guaranty and the Existing Subsidiary Note Guaranty;

(2) a certificate signed by an executive officer of such Subsidiary making representations and warranties to the effect of those contained in Sections 2, 10, 12 and 17 of Exhibit C to the Note Agreements, but with respect to such Subsidiary and such Subsidiary Note Guaranty and the 2002 Subsidiary Note Guaranty and Existing Subsidiary Note Guaranty;

(3) such documents and evidence with respect to such Subsidiary as the Requisite Holders may reasonably request in order to establish the existence and good standing of such Subsidiary and the authorization of the transactions contemplated by such Subsidiary Note Guaranty and the 2002 Subsidiary Note Guaranty and Existing Subsidiary Note Guaranty; and

(4) an opinion of counsel satisfactory to the Requisite Holders to the effect that such Subsidiary Note Guaranty or the joinder agreement pursuant to which such Subsidiary has become a party to the 2002 Subsidiary Note Guaranty and the Existing Subsidiary Note Guaranty, as the case may be, has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such Subsidiary enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(b) Notwithstanding the requirements of clause (a) of this SECTION 5.17, the Company shall not be required to comply therewith if, but only if, the Company can create or incur the Indebtedness evidenced by any Guaranty entered into by a Subsidiary within the limitations of SECTION 5.8(a) AND (b).

(c) Nothing contained in this SECTION 5.17 shall be deemed or construed to otherwise permit a Subsidiary of the Company to create, assume, guaranty or otherwise incur or in any manner be or become liable in respect of any Current Debt or Funded Debt which is not otherwise within the limitations of SECTION 5.8 and the other applicable provisions of this Agreement.

Section 5.18. Stock Pledge Agreement. If the Company shall enter into a stock pledge agreement in form and substance satisfactory to the Requisite Holders (each, a "Stock Pledge Agreement") pursuant to which the Company shall grant to the Collateral Agent or any other Institutional Holder a pledge of and security interest in the capital stock of a Subsidiary, then and in such event, the Company shall concurrently with the execution and delivery of such Stock Pledge Agreement, deliver to each of the holders of the Notes the following items:

(a) an executed counterpart of such Stock Pledge Agreement;

(b) a certificate signed by an executive officer of the Company making representations and warranties to the effect of those contained in Sections 2, 10, 12 and 17 of Exhibit C to the Note Agreements, but with respect to such Stock Pledge Agreement and to the effect that such Stock Pledge Agreement constitutes a first and prior perfected security interest in the capital stock which is the subject of such Stock Pledge Agreement free and clear of all Liens of creditors of the Company, other than the Lien of such Stock Pledge Agreement;

(c) such modifications, amendments or supplements to the Intercreditor Agreement as may be deemed necessary by the Requisite Holders to confirm that any proceeds realized from the enforcement by the Collateral Agent or such other Institutional Holder of its rights pursuant to such Stock Pledge Agreement as pledgee of such capital stock shall be applied in accordance with the terms and provisions of the Intercreditor Agreement; and

(d) an opinion of independent counsel to the Company satisfactory to the Requisite Holders to the effect that (1) such Stock Pledge Agreement has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the Company enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles and (2) such Stock Pledge Agreement creates a valid and perfected first and prior security interest in and pledge of the capital stock of the Subsidiary which is the subject of such Stock Pledge Agreement.

Section 5.19. Designation of Subsidiaries. The Company may designate or redesignate any Unrestricted Subsidiary as a Restricted Subsidiary and may designate or redesignate any Restricted Subsidiary as an Unrestricted Subsidiary; provided that:

(a) the Company shall have given not less than 10 days' prior written notice to the holders of the Notes that a senior financial officer has made such determination,

(b) at the time of such designation or redesignation and immediately after giving effect thereto: (i) no Default or Event of Default would exist and (ii) the Company would be permitted by the provisions of SECTION 5.8(b) to incur at least $1.00 of additional Indebtedness,

(c) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary and after giving effect thereto: (i) all outstanding Indebtedness of such Restricted Subsidiary so designated shall be permitted within the applicable limitations of SECTION 5.8 and (ii) all existing Liens of such Restricted Subsidiary so designated shall be permitted within the applicable limitations of SECTION 5.9, other than SECTION 5.9(6) (notwithstanding that any such Lien existed as of the Closing Date), and

(d) the designation of a Subsidiary as "Restricted" or "Unrestricted" shall not be changed more than twice.

SECTION 6. EVENTS OF DEFAULT AND REMEDIES THEREFOR.

Section 6.1. Events of Default. Any one or more of the following shall constitute an "Event of Default" as such term is used herein:

(a) Default shall occur in the payment of interest on any Note when the same shall have become due and such default shall continue for more than five Business Days; or

(b) Default shall occur in the making of any required prepayment on any of the Notes as provided in SECTION 2.1; or

(c) Default shall occur in the making of any other payment of the principal of any Note or premium, if any, thereon at the expressed or any accelerated maturity date or at any date fixed for prepayment; or

(d) Default shall occur in the observance or performance of any covenant or agreement contained in SECTION 5.6 through SECTION 5.11; or

(e) Default shall occur in the observance or performance of any other provision of this Agreement which is not remedied within 30 days after the occurrence thereof; or

(f) Default shall be made in the payment when due (whether by lapse of time, by declaration, by call for redemption or otherwise) of the principal of or interest on any Indebtedness for borrowed money (other than the Notes) of the Company or any Restricted Subsidiary aggregating in excess of $3,000,000 and such default shall continue beyond the period of grace, if any, allowed with respect thereto, provided that an Event of Default shall not be deemed to have occurred under SECTION 6.1(f) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Subsidiary Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary; or

(g) Default or the happening of any event shall occur under any indenture, agreement or other instrument under which any Indebtedness for borrowed money (other than the Notes) of the Company or any Restricted Subsidiary aggregating in excess of $3,000,000 is outstanding and such default or event shall result in the acceleration of the maturity of any Indebtedness for borrowed money of the Company or any Restricted Subsidiary outstanding thereunder, provided that an Event of Default shall not be deemed to have occurred under this SECTION 6.1(g) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Subsidiary Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary.

(h) Any representation or warranty made by the Company herein, in any Supplement, or made by the Company in any statement or certificate furnished by the Company in connection with the consummation of the issuance and delivery of the Notes or furnished by the Company pursuant hereto, is untrue in any material respect as of the date of the issuance or making thereof; or

(i) Final judgment or judgments for the payment of money aggregating in excess of $1,000,000 (net of insurance proceeds to the extent the insurer has acknowledged liability with respect thereto) is or are outstanding against the Company or any Restricted Subsidiary or against any property or assets of either and any one of such judgments has remained unpaid, unvacated, unbonded or unstayed by appeal or otherwise for a period of 45 days from the date of its entry, provided that an Event of Default shall not be deemed to have occurred under this SECTION 6.1(i) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Subsidiary Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary; or

(j) A custodian, liquidator, trustee or receiver is appointed for the Company or any Restricted Subsidiary or for the major part of the property of either and is not discharged within 30 days after such appointment, provided that an Event of Default shall not be deemed to have occurred under this SECTION 6.1(j) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Subsidiary Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary; or

(k) The Company or any Restricted Subsidiary becomes insolvent or bankrupt, is generally not paying its debts as they become due or makes an assignment for the benefit of creditors, or the Company or any Restricted Subsidiary applies for or consents to the appointment of a custodian, liquidator, trustee or receiver for the Company or such Restricted Subsidiary or for the major part of the property of either, provided that an Event of Default shall not be deemed to have occurred under this SECTION 6.1(k) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Subsidiary Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary; or

(l) Bankruptcy, reorganization, arrangement or insolvency proceedings, or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors, are instituted by or against the Company or any Restricted Subsidiary and, if instituted against the Company or any Restricted Subsidiary, are consented to or are not dismissed within 60 days after such institution, provided that an Event of Default shall not be deemed to have occurred under this SECTION 6.1(l) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted

Subsidiaries of the Company or Subsidiary Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary; or

(m) For any reason any Subsidiary Note Guaranty or any Stock Pledge Agreement shall cease to be in full force and effect for any reason whatsoever, including, without limitation, a determination by any governmental body or court that any of such agreements is invalid, void or unenforceable or any Person which is a party thereto shall contest or deny in writing the validity or enforceability of any of its obligations under such agreement; or

(n) Any Plan shall fail to satisfy minimum funding requirements of ERISA, a notice of intent to terminate a Plan shall have been received by the Company, or the aggregate amount of unfunded benefit liabilities shall exceed an amount equal to 5% of Consolidated Net Worth and any such event or events could reasonably be expected to have a Material Adverse Effect.

Section 6.2. Notice to Holders. When any Default or Event of Default described in the foregoing SECTION 6.1 has occurred, or if the holder of any Note or of any other evidence of Indebtedness for borrowed money of the Company gives any written notice with respect to a default claimed by such holder in such written notice to exist in respect of such Indebtedness for borrowed money or under the instrument or agreement under which such Indebtedness for borrowed money is outstanding, the Company agrees to give notice within three Business Days of such event to all holders of the Notes then outstanding.

Section 6.3. Acceleration of Maturities. When any Event of Default described in paragraph (a), (b) or (c) of SECTION 6.1 has happened and is continuing with respect to any series of Notes, any holder of any Note of such series may, by notice in writing to the Company sent in the manner provided in SECTION 9.6, declare the entire principal and all interest accrued on such Note of such series to be, and such Note shall thereupon become, forthwith due and payable, without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived. When any Event of Default described in paragraphs (a) through (i), inclusive, or paragraphs (m) or (n), of said SECTION 6.1 has happened and is continuing, the holders of a majority of the aggregate principal amount outstanding of any series of Notes may, by notice in writing to the Company in the manner provided in SECTION 9.6, declare the entire principal and all interest accrued on all Notes of such series to be, and all Notes of such series shall thereupon become, forthwith due and payable, without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived. When any Event of Default described in paragraph (j), (k) or (l) of SECTION 6.1 has occurred, then all outstanding Notes of every series shall immediately become due and payable without presentment, demand or notice of any kind. Upon the Notes becoming due and payable as a result of any Event of Default as aforesaid, the Company will forthwith pay to the holders of the Notes the entire principal and interest accrued on the Notes and, to the extent not prohibited by applicable law, an amount as liquidated damages for the loss of the bargain evidenced hereby (and not as a penalty) equal to the Make-Whole Amount, determined as of the date on which the Notes shall so become due and payable. No course of dealing on the part of the holder or holders of any Notes nor any delay or failure on the part of any holder of

Notes to exercise any right shall operate as a waiver of such right or otherwise prejudice such holder's rights, powers and remedies. The Company further agrees, to the extent permitted by law, to pay to the holder or holders of the Notes all costs and expenses incurred by them in the collection of any Notes upon any default hereunder or thereon, including reasonable compensation to such holder's or holders' attorneys for all services rendered in connection therewith.

Section 6.4. Rescission of Acceleration. The provisions of SECTION 6.3 are subject to the condition that if the principal of and accrued interest on all or any outstanding Notes have been declared immediately due and payable by reason of the occurrence of any Event of Default described in paragraphs (a) through (i), inclusive, or paragraphs (m) or (n), of SECTION 6.1, the holders of 55% or more in aggregate principal amount of the outstanding Notes of any series then outstanding may, by written instrument filed with the Company, rescind and annul such declaration and the consequences thereof with respect to such series of the Notes, provided that at the time such declaration is annulled and rescinded:

(a) no judgment or decree has been entered for the payment of any monies due pursuant to the Notes of such series or this Agreement;

(b) all arrears of interest upon all the Notes of such series and all other sums payable under the Notes of such series and under this Agreement (except any principal, interest or premium on the Notes of such series which has become due and payable solely by reason of such declaration under SECTION 6.3) shall have been duly paid; and

(c) each and every other Default and Event of Default shall have been made good, cured or waived pursuant to SECTION 7.1;

and provided further, that no such rescission and annulment shall extend to or affect any subsequent Default or Event of Default or impair any right consequent thereto or affect in any manner whatsoever any recission or annulment pertaining to any other series of the Notes or impair any right consequent thereto. Without limiting the foregoing, the provisions of SECTION 6.3 are subject to the condition that if the principal of and accrued interest on any outstanding Note of any series have been declared by the holder thereof to be immediately due and payable by reason of the occurrence of any Event of Default described in paragraph (a), (b) or (c) of SECTION 6.1, such holder may, by written instrument filed with the Company, rescind and annul such declaration and the consequences thereof.

SECTION 7. AMENDMENTS, WAIVERS AND CONSENTS.

Section 7.1. Consent Required. Any term, covenant, agreement or condition of this Agreement or any Supplement with respect to any series of Notes, as the case may be, may, with the consent of the Company, be amended or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively), if the Company shall have obtained the consent in writing of the Requisite Holders of such series; provided that without the written consent of the holders of all of the Notes of a particular series then outstanding, no such amendment or waiver shall be effective (a) which will change the time of

payment (including any prepayment required by SECTION 2.1) of the principal of or the interest on any Note of such series or change the principal amount thereof or change the rate of interest thereon, or (b) which will change any of the provisions with respect to optional prepayments in respect of such series, or (c) which will change the definitions of "Make-Whole Amount", "Reinvestment Rate", "Statistical Release" or "Weighted Average Life to Maturity" insofar as the same pertains to such series, or (d) which will change the percentage of holders of the Notes required to consent to any such amendment or waiver or the taking of any other action by Noteholders under any of the provisions of this SECTION 7 or SECTION 6 insofar as the same pertains to such series.

Section 7.2. Solicitation of Holders. So long as there are any Notes outstanding, the Company will not solicit, request or negotiate for or with respect to any proposed waiver or amendment of any of the provisions of this Agreement, any Supplement or the Notes unless each holder of Notes of each series (irrespective of the amount of Notes then owned by it) shall, if such proposed waiver or amendment shall affect such series, be informed thereof by the Company and shall be afforded the opportunity of considering the same and shall be supplied by the Company with sufficient information to enable it to make an informed decision with respect thereto. The Company will not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, to any holder of Notes as consideration for or as an inducement to entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions of this Agreement or the Notes unless such remuneration is concurrently offered and paid, on the same terms, ratably to the holders of all Notes then outstanding (whether or not any such holder has consented to such waiver or amendment). Promptly and in any event within 30 days of the date of execution and delivery of any such waiver or amendment, the Company shall provide a true, correct and complete copy thereof to each of the holders of the Notes.

Section 7.3. Effect of Amendment or Waiver. Any such amendment or waiver shall apply equally to all of the holders of the Notes of the series to which such amendment or waiver pertains and shall be binding upon them, upon each future holder of any Note of such series and upon the Company, whether or not such Note shall have been marked to indicate such amendment or waiver. No such amendment or waiver shall extend to or affect any obligation not expressly amended or waived or impair any right consequent thereon.

SECTION 8. INTERPRETATION OF AGREEMENT; DEFINITIONS.

Section 8.1. Definitions. Unless the context otherwise requires, the terms hereinafter set forth when used herein shall have the following meanings and the following definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined:

"Acquiring Person" shall mean a "person" or "group of persons" within the meaning of Sections 13(d) and 14(d) of the Securities and Exchange Act of 1934, as amended, provided that notwithstanding the foregoing, "Acquiring Person" shall not be deemed to include any member of the Company Control Group unless such member has, directly or indirectly, disposed of, sold or otherwise transferred to, or encumbered or restricted (whether by means of voting trust agreement or otherwise) for the benefit of, an Acquiring Person all or any portion of the Voting Stock of the Company directly or indirectly owned or controlled by such member or such

member directly or indirectly votes all or any portion of the Voting Stock of the Company directly or indirectly owned or controlled by such member for the taking of any action which, directly or indirectly, constitutes or would result in a Change of Control, in which event such member of the Company Control Group shall be deemed to constitute an Acquiring Person to the extent of the Voting Stock of the Company owned or controlled by such member.

"Additional Purchasers" shall mean a purchaser of Additional Notes.

"Additional Notes" shall have the meaning set forth in SECTION 1.4.

"Adjusted Leverage Ratio" shall mean, as of any date, the ratio of (a) the Total Seasonally Adjusted Debt as of such date to (b) the Total Adjusted Capitalization as of such date.

"Affiliate" shall mean any Person (other than a Subsidiary) (a) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company, (b) which beneficially owns or holds 10% or more of any class of the Voting Stock of the Company or (c) 10% or more of the Voting Stock (or in the case of a Person which is not a corporation, 10% or more of the equity interest) of which is beneficially owned or held by the Company or a Restricted Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agreements" shall have the meaning set forth in SECTION 1.3.

"Attributable Indebtedness of Sale and Leaseback Transactions" shall mean as of the date of any determination thereof with respect to all Sale and Leaseback Transactions entered into by the Company or any Restricted Subsidiary, an amount equal to the lesser of (a) the fair market value of the property or assets which is or are the subject of such Sale and Leaseback Transactions (as determined in good faith by the Board of Directors of the Company at or about the time of the consummation of such Sale and Leaseback Transaction) and (b) the aggregate amount of the Rentals due and to become due (discounted from the respective due dates thereof to such date at the interest rate per annum implicit in such lease, with all such discounts to be computed on the basis of a 360-day year of twelve 30-day months, and otherwise in accordance with GAAP) under the lease or leases relating to such Sale and Leaseback Transactions.

"Bank Credit Agreement" shall mean the Credit Agreement dated as of November 25, 2002, as the same may be amended, supplemented, replaced, renewed, or otherwise modified from time to time, by and among the Company, lenders party thereto from time to time, Bank One, N.A., as syndication agent and Standard Federal Bank, N.A., as documentation agent.

"Banks" or "the Banks" shall mean the lenders party to the Bank Credit Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which banks in Grand Rapids, Michigan or New York, New York are required by law to close or are customarily closed.

"Capitalized Lease" shall mean any lease the obligation for Rentals with respect to which is required to be capitalized on a consolidated balance sheet of the lessee and its subsidiaries in accordance with GAAP.

"Capitalized Rentals" of any Person shall mean as of the date of any determination thereof the amount at which the aggregate Rentals due and to become due under all Capitalized Leases under which such Person is a lessee would be reflected as a liability on a consolidated balance sheet of such Person.

"Change of Control" shall mean the earliest to occur of: (1) the date the Company enters into a binding written agreement with an Acquiring Person to permit such Acquiring Person to acquire, directly or indirectly, beneficial ownership of more than 50% of the total Voting Stock of the Company then outstanding, or (2) the date a tender offer or exchange offer results in an Acquiring Person, directly or indirectly, beneficially owning more than 50% of the total Voting Stock of the Company then outstanding, or (3) the date an Acquiring Person becomes, directly or indirectly, the beneficial owner of more than 50% of the total Voting Stock of the Company then outstanding, or (4) the date of a merger between the Company and any other Person, a consolidation of the Company with any other Person or an acquisition of any other Person by the Company, if immediately after such event, the Acquiring Person shall hold more than 50% of the total Voting Stock of the Company outstanding immediately after giving effect to such merger, consolidation or acquisition, or, if the Company shall not be the surviving entity, of the surviving, resulting or continuing corporation.

"Change of Control Delayed Prepayment Date" shall have the meaning set forth in SECTION 2.3(b).

"Change of Control Prepayment Date" shall have the meaning set forth in SECTION 2.3(a).

"Closing Date" shall have the meaning set forth in SECTION 1.2.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations from time to time promulgated thereunder.

"Collateral Agent" shall mean Bank One, N.A., in its role as Collateral Agent under the Intercreditor Agreement.

"Company" shall mean Universal Forest Products, Inc., a Michigan corporation, and any Person who succeeds to all, or substantially all, of the assets and business of Universal Forest Products, Inc.

"Company Control Group" shall mean all, or any combination of, any one or more of the individuals comprising Current Management and who, as of the date of any determination hereof: (a) is employed on a full-time basis by the Company as a director or officer of the Company, and (b) has been so employed for at least three years preceding such date of determination, except Gary Wright who shall in any event be deemed to be a member of the

Company Control Group for so long as he is employed on a full-time basis by the Company as a director or officer.

"Company Notice" shall have the meaning set forth in SECTION 2.3(a).

"Consolidated Fixed Charges" for any period shall mean on a consolidated basis the sum of (a) all Rentals expense (other than Rentals on Capitalized Leases) during such period of the Company and its Restricted Subsidiaries, (b) all Interest Expense on all Indebtedness (including the interest component of Rentals on Capitalized Leases) of the Company and its Restricted Subsidiaries and (c) all capitalized interest of the Company and its Restricted Subsidiaries.

"Consolidated Funded Debt" shall mean all Funded Debt of the Company and its Restricted Subsidiaries, determined on a consolidated basis eliminating intercompany items.

"Consolidated Net Earnings" for any period shall mean the gross revenues of the Company and its Restricted Subsidiaries for such period less all expenses and other proper charges (including taxes on income), determined on a consolidated basis after eliminating earnings or losses attributable to outstanding Minority Interests, but excluding in any event:

(a) any gains or losses on the sale or other disposition of Investments or fixed or capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;

(b) the proceeds of any life insurance policy;

(c) net earnings and losses of any Restricted Subsidiary accrued prior to the date it became a Restricted Subsidiary;

(d) net earnings and losses of any corporation (other than a Restricted Subsidiary that is a Restricted Subsidiary prior to being acquired by the Company or any Restricted Subsidiary), substantially all the assets of which have been acquired in any manner by the Company or any Restricted Subsidiary, realized by such corporation prior to the date of such acquisition;

(e) net earnings and losses of any corporation (other than a Restricted Subsidiary that is a Restricted Subsidiary prior to being consolidated or merged with or into the Company or any Restricted Subsidiary) with which the Company or a Restricted Subsidiary shall have consolidated or which shall have merged into or with the Company or a Restricted Subsidiary prior to the date of such consolidation or merger;

(f) net earnings of any business entity (other than a Restricted Subsidiary) in which the Company or any Restricted Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Company or such Restricted Subsidiary in the form of cash distributions;

(g) any portion of the net earnings of any Restricted Subsidiary which for any reason is unavailable for payment of dividends to the Company or any other Restricted Subsidiary;

(h) earnings or losses resulting from any reappraisal, revaluation, write-up or write-down of assets (other than earnings or losses resulting from any reappraisal, revaluation, write-up or write-down of assets or a business entity acquired by the Company or any of its Restricted Subsidiaries, which reappraisal, revaluation, write-up or write-down is made (x) in accordance with GAAP and with the concurrence of the Company's independent public accountants and (y) concurrently with the acquisition of such assets or business entity, as the case may be);

(i) any deferred or other credit representing any excess of the equity in any Restricted Subsidiary at the date of acquisition thereof over the amount invested in such Restricted Subsidiary;

(j) any gain or loss arising from the acquisition of any Securities of the Company or any Restricted Subsidiary;

(k) any reversal of any contingency reserve, except to the extent that provision for such contingency reserve shall have been made from income arising during such period and except any reversal of any contingency reserve created to secure or fund any liability of the Company or any of its Restricted Subsidiaries in connection with the violation of any Environmental Law or in connection with any liability relating to health or medical insurance maintained by the Company or any of its Restricted Subsidiaries if in connection with any such reversal the Company has created an alternative security, contingency reserve or similar such offsetting asset relating to such liability which in the reasonable opinion of the Board of the Directors of the Company is adequate and prudent under the circumstances; and

(l) any other extraordinary gain or loss.

"Consolidated Net Earnings Available for Fixed Charges" for any period shall mean the sum of (a) Consolidated Net Earnings during such period plus (to the extent deducted in determining Consolidated Net Earnings), (b) all provisions for any Federal, state or other income taxes made by the Company and its Restricted Subsidiaries during such period and (c) Consolidated Fixed Charges during such period.

"Consolidated Net Worth" shall mean, as of any date, the amount of any capital stock, paid in capital and similar equity accounts plus (or minus in the case of a deficit) the capital surplus and retained earnings of the Company and its Restricted Subsidiaries and the amount of any foreign currency translation adjustment account shown as a capital account of the Company and its Restricted Subsidiaries, all on a consolidated basis in accordance with GAAP.

"Consolidated Total Assets" shall mean as of the date of any determination thereof, total assets of the Company and its Restricted Subsidiaries determined on a consolidated basis in accordance with GAAP.

"Consolidated Total Capitalization" shall mean as of the date of any determination thereof, the sum of (a) Consolidated Funded Debt plus (b) Consolidated Net Worth.

"Contingent Liabilities" of any Person shall mean, as of any date, all obligations of such Person or of others for which such Person is contingently liable, as obligor, guarantor, surety or in any other capacity, or in respect of which obligations such Person assures a creditor against loss or agrees to take any action to prevent any such loss (other than endorsements of negotiable instruments for collection in the ordinary course of business), including without limitation all reimbursement obligations of such Person in respect of any letters of credit, surety bonds or similar obligations and all obligations of such Person to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the financial condition of such other Person.

"Current Debt" of any Person shall mean as of the date of any determination thereof all (i) Indebtedness of such Person other than Funded Debt and (ii) Guaranties by such Person of Current Debt of others.

"Current Management" shall mean Peter F. Secchia, William G. Currie, Matthew Missad, Michael B. Glenn and Michael R. Cole, whether in case of each of the foregoing, such Person owns capital stock of the Company directly or beneficially.

"Default" shall mean any event or condition the occurrence of which would, with the lapse of time or the giving of notice, or both, constitute an Event of Default.

"Domestic Restricted Subsidiary" shall mean any direct or indirect Restricted Subsidiary of the Company organized under the laws of any state of the United States of America or the District of Columbia.

"Environmental Law" shall mean any federal, state or local statute, law, regulation, order, consent decree or permit relating to the environment, including, without limitation, those relating to releases, discharges or emissions to air, water, land or groundwater, to the withdrawal or use of groundwater, to the disposal, treatment, storage or management of hazardous waste or Hazardous Substances, or to exposure to toxic or hazardous materials, to the handling, transportation, discharge or release of gaseous or liquid Hazardous Substances and any regulation, order, notice or demand issued pursuant to such law, statute or ordinance, in each case applicable to the property of the Company and its Subsidiaries or the operation of any thereof, including without limitation the following: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 and the Small Business Liability Relief and Brownfields Revitalization Act of 2002, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984, the Hazardous Materials Transportation Act, as amended, the Federal Water Pollution

Control Act, as amended by the Clean Water Act of 1976, the Safe Drinking Water Control Act, the Clean Air Act of 1966, as amended, the Toxic Substances Control Act of 1976, the Emergency Planning and Community Right-to-Know Act of 1986, the National Environmental Policy Act of 1975, and any similar or implementing state law, and any state statute and any further amendments to these laws providing for financial responsibility for cleanup or other actions with respect to the release or threatened release of Hazardous Substances, and all rules and regulations promulgated thereunder.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA shall be construed to also refer to any successor sections.

"ERISA Affiliate" shall mean any corporation, trade or business that is, along with the Company, a member of a controlled group of corporations or a controlled group of trades or businesses, as described in section 414(b) and 414(c), respectively, of the Code or Section 4001 of ERISA.

"Existing Subsidiary Note Guaranty" shall mean the Guaranty Agreement dated as of December 1, 1998 from the Subsidiary Guarantors to the parties therein named, as amended, supplemented or otherwise modified.

"Event of Default" shall have the meaning set forth in SECTION 6.1.

"Financial Contract "of a Person shall mean (a) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics, or (b) any agreements, devices or arrangements providing for payments related to fluctuations of interest rates, exchange rates or forward rates, including, but not limited to, interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options.

"Funded Debt" of any Person shall mean (a) all Indebtedness of such Person for borrowed money or which has been incurred in connection with the acquisition of assets in each case having a final maturity of one or more than one year from the date of origin thereof (or which is renewable or extendible at the option of the obligor for a period or periods more than one year from the date of origin), including all payments in respect thereof that are required to be made within one year from the date of any determination of Funded Debt, whether or not the obligation to make such payments shall constitute a current liability of the obligor under GAAP, (b) all Capitalized Rentals of such Person, (c) all Guaranties by such Person of Funded Debt of others, and (d) if, during the 365-day period immediately preceding the date of any determination of Funded Debt of such Person, there shall not have been a period of at least 30 consecutive days during which Indebtedness of such Person outstanding under all revolving credit or similar agreements are equal to zero, then, and in such an event, an amount equal to the highest aggregate amount of all such Indebtedness outstanding during any period of 30 consecutive days selected by such Person during such preceding 365-day period.

"GAAP" shall mean United States generally accepted accounting principles at the time.

"Guaranties" by any Person shall mean all obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any property or assets constituting security therefor, (b) to advance or supply funds (1) for the purchase or payment of such Indebtedness or obligation or (2) to maintain working capital or any balance sheet or income statement condition or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, (c) to lease property or to purchase Securities or other property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation, or (d) otherwise to assure the owner of the Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purposes of all computations made under this Agreement, a Guaranty in respect of any Indebtedness for borrowed money shall be deemed to be Indebtedness equal to the principal amount of such Indebtedness for borrowed money which has been guaranteed, and a Guaranty in respect of any other obligation or liability or any dividend shall be deemed to be Indebtedness equal to the maximum aggregate amount of such obligation, liability or dividend.

"Hazardous Substance" shall mean chromium, chromated copper arsenate, or any other hazardous or toxic material, substance or waste, pollutant or contaminant which is regulated under any statute, law, ordinance, rule or regulation of any local, state, regional or federal authority having jurisdiction over the property of the Company and its Subsidiaries or its use, including but not limited to any material, substance or waste which is: (a) defined as a hazardous substance under Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317) as amended; (b) regulated as a hazardous waste under Section 1004 or Section 3001 of the Federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), as amended; (c) defined as a hazardous substance under Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), as amended; (d) defined or regulated as an ambient or hazardous air pollutant pursuant to the Clean Air Act (42 U.S.C. Section 7401 et seq.), as amended; or (e) defined or regulated as a hazardous substance or hazardous waste under any rules or regulations promulgated under any of the foregoing statutes.

"Indebtedness" of any Person shall mean, as of any date, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person as lessee under any Capitalized Lease, (c) the unpaid purchase price for goods, property or services acquired by such Person, except for accounts payable and other accrued liabilities arising in the ordinary course of business which are not materially past due, (d) all obligations of such Person to purchase goods, property or services where payment therefor is required regardless of whether delivery of such goods or property or the performance of such services is ever made or tendered (generally referred to as "take or pay contracts"), other than obligations incurred in the ordinary course of business, (e) all obligations of such Person in respect of any Financial Contract (valued in an

amount equal to the highest termination payment, if any, that would be payable by such Person upon termination for any reason on the date of determination), (f) to the extent not included in the foregoing, obligations and liabilities which would be classified as part of Total Debt, and (g) all obligations of others similar in character to those described in clauses (a) through (f) of this definition for which such Person is contingently liable, as obligor, guarantor, surety or in any other capacity, or in respect of which obligations such Person assures a creditor against loss or agrees to take any action to prevent any such loss (other than endorsements of negotiable instruments for collection in the ordinary course of business), including without limitation all reimbursement obligations of such Person in respect of letters of credit, surety bonds or similar obligations and all obligations of such Person to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the financial condition of such other Person.

"Institutional Holder" shall mean any of the following Persons: (a) any bank, savings and loan association, savings institution, trust company or national banking association, acting for its own account or in a fiduciary capacity, (b) any charitable foundation, (c) any insurance company, (d) any fraternal benefit society, (e) any pension, retirement or profit sharing trust or fund within the meaning of Title I of ERISA or for which any bank, trust company, national banking association or investment adviser registered under the Investment Advisers Act of 1940, as amended, is acting as trustee or agent, (f) any investment company or business development company, as defined in the Investment Company Act of 1940, as amended, (g) any small business investment company licensed under the Small Business Investment Act of 1958, as amended, (h) any broker or dealer registered under the Securities Exchange Act of 1934, as amended, or any investment adviser registered under the Investment Adviser Act of 1940, as amended, (i) any government, any public employees' pension or retirement system, or any other government agency supervising the investment of public funds, (j) any other entity all of the equity owners of which are Institutional Holders or (k) any other Person which may be within the definition of "qualified institutional buyer" as such term is used in Rule 144A, as from time to time in effect, promulgated under the Securities Act of 1933, as amended.

"Intercreditor Agreement" shall have the meaning set forth in SECTION 1.5.

"Interest Expense" for any period shall mean all interest and all amortization of debt discount and any other fees, commissions and expenses (including without limitation net interest costs of interest rate swaps and hedges) on or in respect of any particular Indebtedness (including, without limitation, payment-in-kind, zero coupon and other like Securities and letters of credit and banker's acceptances) for which such calculations are being made. Computations of Interest Expense on a pro forma basis for Indebtedness having a variable interest rate shall be calculated at the rate in effect on the date of any determination.

"Investments" shall mean all investments, in cash or by delivery of property, made directly or indirectly in any Person, whether by acquisition of shares of capital stock, Indebtedness or other obligations or Securities or by loan, advance, capital contribution or otherwise; provided, however, that "Investments" shall not mean or include routine investments and property to be used or consumed in the ordinary course of business.

"Lien" shall mean any interest in property securing an obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances (including, with respect to stock, stockholder agreements, voting trust agreements, buy-back agreements and all similar arrangements) affecting property. For the purposes of this Agreement, the Company or a Restricted Subsidiary shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale agreement, Capitalized Lease or other arrangement pursuant to which title to the property has been retained by or vested in some other Person for security purposes and such retention or vesting shall constitute a Lien.

"Make-Whole Amount" shall mean in connection with any prepayment or acceleration of the Notes the excess, if any, of (a) the aggregate present value as of the date of such prepayment or payment of each dollar of principal being prepaid or paid (taking into account the application of such prepayment or payment required by SECTION 2.1) and the amount of interest (exclusive of interest accrued to the date of prepayment or payment) that would have been payable in respect of such dollar if such prepayment or payment had not been made, determined by discounting such amounts at the Reinvestment Rate from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the outstanding Notes being prepaid or paid. For purposes of any determination of the Make-Whole Amount:

> "Reinvestment Rate" shall mean (1) the sum of .50%, plus the yield reported on page "PX1" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States government Securities) at 11:00 A.M. (New York City, New York time) for the United States government Securities having a maturity (rounded to the nearest month) corresponding to the remaining Weighted Average Life to Maturity of the principal being prepaid or paid or (2) in the event that no nationally recognized trading screen reporting on-line intraday trading in the United States government Securities is available, Reinvestment Rate shall mean the sum of .50%, plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being prepaid or paid. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make-Whole Amount shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the Requisite Holders.

"Weighted Average Life to Maturity" of the principal amount of the Notes being prepaid or paid shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (1) multiplying (i) the remainder of the amount of principal that would have become due on each scheduled payment date if such prepayment or payment had not been made by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date, and (2) totaling the products obtained in (1).

"Material Adverse Effect" shall mean a material adverse effect on (i) the business, operations, affairs, financial condition, assets, or properties of the Company and its Restricted Subsidiaries taken as a whole, (ii) the ability of the Company to perform its obligation under this Agreement and the Notes or (iii) the validity or enforceability of this Agreement or the Notes.

"Minority Interests" shall mean any shares of stock of any class of a Restricted Subsidiary (other than directors' qualifying shares as required by law) that are not owned by the Company and/or one or more of its Subsidiaries. Minority Interests shall be valued by valuing Minority Interests constituting preferred stock at the voluntary or involuntary liquidating value of such preferred stock, whichever is greater, and by valuing Minority Interests constituting common stock at the book value of capital and surplus applicable thereto adjusted, if necessary, to reflect any changes from the book value of such common stock required by the foregoing method of valuing Minority Interests in preferred stock.

"Multiemployer Plan" shall have the same meaning as in ERISA.

"Noteholder Notice" shall have the meaning set forth in SECTION 2.3(a).

"Notes" shall have the meaning set forth in SECTION 1.1.

"Offering Materials" shall mean the Private Placement Memorandum dated November, 2002 delivered to each of the Purchasers by Banc One Capital Markets, Inc.

"Officer Notes" shall mean notes or other evidences of Indebtedness entered into by officers of the Company within the limitations of this Agreement, including without limitation SECTION 5.14, in connection with and as part of an incentive stock option plan of the Company the purpose of which is to permit such officer to acquire capital stock of the Company.

"Overdue Rate" shall mean the lesser of (a) the maximum interest rate permitted by law and (b) the coupon rate of interest plus 2% per annum.

"PBGC" shall mean the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Plan" shall mean a "pension plan," as such term is defined in ERISA, established or maintained by the Company or any ERISA Affiliate or as to which the Company or any ERISA Affiliate contributed or is a member or otherwise may have any liability.

"Person" shall include an individual, a corporation, a limited liability company, an association, a partnership, a trust or estate, a joint stock company, an unincorporated organization, a joint venture, a trade or business (whether or not incorporated), a government (foreign or domestic) and any agency or political subdivision thereof, or any other entity.

"Purchasers" shall have the meaning set forth in SECTION 1.1.

"Qualified Current Debt" and "Qualified Funded Debt" shall mean Current Debt or Funded Debt, as the case may, of a Restricted Subsidiary Guarantor which is a Restricted Subsidiary Guarantor on the Closing Date or any Person who has become a Restricted Subsidiary Guarantor after the Closing Date in accordance with SECTION 5.17 hereof; provided that the obligee of such Current Debt or Funded Debt shall have entered into the Intercreditor Agreement.

"Rentals" shall mean and include as of the date of any determination thereof all fixed payments (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Company or a Restricted Subsidiary, as lessee or sublessee under a lease of real or personal property (less, in the case of any determination of Consolidated Fixed Charges, any fixed rents received by the Company or any such Restricted Subsidiary, as sublessor, under any "triple net, non-cancellable" sublease of the same such real or personal property). Fixed rents under any so-called "percentage leases" shall be computed solely on the basis of the minimum rents, if any, required to be paid by the lessee regardless of sales volume or gross revenues.

"Reportable Event" shall have the same meaning as in ERISA.

"Requisite Holders" shall mean the holders of at least a majority in aggregate principal amount of the outstanding Notes of a series.

"Responsible Officer" shall mean the Chief Executive Officer, the President or the Vice President-Finance of the Company.

"Restricted Subsidiary" shall mean any Subsidiary which: (i) at least 60% of the voting securities are owned by the Company and/or one or more Wholly-owned Restricted Subsidiaries and (ii) the Company has designated a Restricted Subsidiary by notice in writing given to the holders of the Notes, provided that the designation of a Subsidiary as "unrestricted" or "restricted" shall not be changed more than twice.

"Restricted Subsidiary Guarantor" shall mean a Subsidiary Guarantor that is a Restricted Subsidiary.

"Sale and Leaseback Transaction" shall mean any arrangement whereby the Company or any Restricted Subsidiary shall sell or transfer any property owned by the Company or any Restricted Subsidiary to any Person other than the Company or a Restricted Subsidiary and thereupon the Company or a Restricted Subsidiary shall lease or intend to lease, as lessee, the same property.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Senior Funded Debt" shall mean all Funded Debt of the Company which is not expressed to be subordinate or junior in rank to any other Funded Debt of the Company.

"Senior Indebtedness" shall mean all unsecured Indebtedness for borrowed money of the Company which is not expressed to be subordinate or junior in rank to any other Indebtedness for borrowed money of the Company.

"Significant Restricted Subsidiary" shall mean any one or more Restricted Subsidiaries which, if considered in the aggregate as a single Restricted Subsidiary, would comprise 10% or more of the total assets of the Company and its Subsidiaries on a consolidated basis.

"Stock Pledge Agreement" shall have the meaning set forth in SECTION 5.18.

"Subsidiary" shall mean as to any particular parent corporation, any corporation of which more than 50% (of the number of votes) of the Voting Stock shall be beneficially owned, directly or indirectly, by such parent corporation. "Subsidiary" shall mean a subsidiary of the Company.

"Subsidiary Bank Guaranty" shall mean any Guaranty of any Subsidiary of the Company with respect to the payment of sums due and owing under the Bank Credit Agreement, or any replacement, renewal or modification thereof.

"Subsidiary Guarantor" shall mean a Subsidiary that Guaranties the payment of the Notes and all other obligations of the Company under this Agreement.

"Subsidiary Note Guaranty" shall mean any Guaranty of any Subsidiary of the Company with respect to the payment of the Notes and all other sums due and owing by the Company under this Agreement (including the Existing Subsidiary Note Guaranty).

"Supplement" shall have the meaning set forth in SECTION 1.4.

"Total Adjusted Capitalization" shall mean, as of any date, the sum of Consolidated Net Worth and Total Seasonally Adjusted Debt as of such date.

"Total Debt" as of any date, shall mean, without duplication, all of the following for the Company and its Restricted Subsidiaries on a consolidated basis: (a) all Indebtedness for borrowed money and similar monetary obligations evidenced by bonds, notes, debentures, acceptances, Capitalized Lease obligations or otherwise, (b) all liabilities secured by any Lien existing on property owned or acquired by the Company or any Restricted Subsidiary subject thereto, whether or not the liability secured thereby shall have been assumed, (c) all reimbursement obligations under outstanding letters of credit, bankers' acceptances or similar instruments in respect of drafts which (i) may be presented or (ii) have been presented and have not yet been paid and are not included in clause (a) above, and (d) all Guarantees and other Contingent Liabilities relating to indebtedness, obligations or liabilities of the type described in the foregoing clauses (a), (b) and (c).

"2002 Subsidiary Note Guaranty" shall have the meaning set forth in SECTION 1.5.

"Total Seasonally Adjusted Debt" shall mean, as of the end of any fiscal quarter of the Company, the following appropriate amount for such fiscal quarter end: (a) for any fiscal quarter ending in March or June, 85% of Total Debt as of the end of such fiscal quarter, and (b) for any fiscal quarter ending in September or December, 115% of Total Debt as of the end of such fiscal quarter.

"Tranche A Notes" shall have the meaning set forth in Section 1.1(a)(i).

"Tranche B Notes" shall have the meaning set forth in Section 1.1(a)(II).

"Unrestricted Subsidiary" shall mean a Subsidiary of the Company that is not a Restricted Subsidiary.

"Voting Stock" shall mean Securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

"Wholly-owned" when used in connection with any Subsidiary shall mean a Subsidiary of which all of the issued and outstanding shares of stock (except shares required as directors' qualifying shares) and all Indebtedness for borrowed money shall be owned by the Company and/or one or more of its Wholly-owned Subsidiaries.

Section 8.2. Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

Section 8.3. Directly or Indirectly. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether the action in question is taken directly or indirectly by such Person.

SECTION 9. MISCELLANEOUS.

Section 9.1. Registered Notes. The Company shall cause to be kept at its principal office a register for the registration and transfer of the Notes, and the Company will register or transfer or cause to be registered or transferred, as hereinafter provided, any Note issued pursuant to this Agreement.

At any time and from time to time the holder of any Note which has been duly registered as hereinabove provided may transfer such Note upon surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the holder of such Note or its attorney duly authorized in writing.

The Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes of this Agreement. Payment of or on account of the principal, premium, if any, and interest on any Note shall be made to or upon the written order of such holder.

Section 9.2. Exchange of Notes. At any time and from time to time, upon not less than ten days' notice to that effect given by the holder of any Note initially delivered or of any Note substituted therefor pursuant to SECTION 9.1, this SECTION 9.2 or SECTION 9.3, and, upon surrender of such Note at its office, the Company will deliver in exchange therefor, without expense to such holder, except as set forth below, a Note of the same series and tranche, if any, for the same aggregate principal amount as the then unpaid principal amount of the Note so surrendered, or Notes in the denomination of $100,000 (or such lesser amount as shall constitute 100% of the Notes of such holder) or any amount in excess thereof as such holder shall specify, dated as of the date to which interest has been paid on the Note so surrendered or, if such surrender is prior to the payment of any interest thereon, then dated as of the date of issue, registered in the name of such Person or Persons as may be designated by such holder, and otherwise of the same form and tenor as the Notes so surrendered for exchange. The Company may require the payment of a sum sufficient to cover any stamp tax or governmental charge imposed upon such exchange or transfer.

Section 9.3. Loss, Theft, Etc. of Notes. Upon receipt of evidence satisfactory to the Company of the loss, theft, mutilation or destruction of any Note, and in the case of any such loss, theft or destruction upon delivery of a bond of indemnity in such form and amount as shall be reasonably satisfactory to the Company, or in the event of such mutilation upon surrender and cancellation of the Note, the Company will make and deliver without expense to the holder thereof, a new Note, of like tenor, in lieu of such lost, stolen, destroyed or mutilated Note. If the Purchaser or any subsequent Institutional Holder is the owner of any such lost, stolen or destroyed Note, then the affidavit of an authorized officer of such owner, setting forth the fact of loss, theft or destruction and of its ownership of such Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no further indemnity shall be required as a condition to the execution and delivery of a new Note other than the written agreement of such owner to indemnify the Company.

Section 9.4. Expenses, Stamp Tax Indemnity. Whether or not the transactions herein contemplated shall be consummated, the Company agrees to pay directly all of your out-of-pocket expenses in connection with the preparation, execution and delivery of this Agreement and the transactions contemplated hereby, including but not limited to the charges and disbursements of Chapman and Cutler, your special counsel, duplicating and printing costs and charges for shipping the Notes, adequately insured to you at your home office or at such other place as you may designate, and all such expenses relating to any amendments, waivers or consents pursuant to the provisions hereof (whether or not the same are actually executed and delivered), including, without limitation, any amendments, waivers, or consents resulting from any work-out, renegotiation or restructuring relating to the performance by the Company of its obligations under this Agreement and the Notes. Without limiting SECTION 4.1(h), the Company agrees to pay, within fifteen Business Days of receipt thereof, supplemental statements of Chapman and Cutler for disbursements unposted or not incurred as of a Closing Date. The Company further agrees that it will pay and save you harmless against any and all liability with respect to stamp and other taxes, if any, which may be payable or which may be determined to be payable in connection with the execution and delivery of this Agreement or the Notes, whether or not any Notes are then outstanding and to pay and save you harmless against any and all losses, costs and expenses relating to any request by the Requisite Holders of the Notes for the Company to hire a consultant pursuant to SECTION 5.16(c). The Company agrees to protect and indemnify you against any liability for any and all brokerage fees and commissions payable or claimed to be payable to any Person in connection with the transactions contemplated by this Agreement. Without limiting the foregoing, the Company agrees to pay the cost of obtaining the private placement number for each series, and tranche, if any, of the Notes and authorizes the submission of such information as may be required by Standard & Poor's CUSIP Service Bureau for the purpose of obtaining such number.

Section 9.5. Powers and Rights Not Waived; Remedies Cumulative. No delay or failure on the part of the holder of any Note in the exercise of any power or right shall operate as a waiver thereof; nor shall any single or partial exercise of the same preclude any other or further exercise thereof, or the exercise of any other power or right, and the rights and remedies of the holder of any Note are cumulative to, and are not exclusive of, any rights or remedies any such holder would otherwise have.

Section 9.6. Notices. All communications provided for hereunder shall be in writing and, if to you, delivered or mailed prepaid by registered or certified mail or overnight air courier, or by facsimile communication, in each case addressed to you at your address appearing on Schedule I to this Agreement or any Supplement or such other address as you or the subsequent holder of any Note initially issued to you may designate to the Company in writing, and if to the Company, delivered or mailed by registered or certified mail or overnight air courier, or by facsimile communication, to the Company at 2801 East Beltline, N.E., Grand Rapids, Michigan 49525, Attention: Michael R. Cole, or to such other address as the Company may in writing designate to you or to a subsequent holder of the Note initially issued to you; provided, however, that a notice to you by overnight air courier shall only be effective if delivered to you at a street address designated for such purpose in Schedule I to this Agreement or any Supplement, and a notice to you by facsimile communication shall only be effective if made by confirmed transmission to you at a telephone number designated for such purpose in Schedule I to this

Agreement or any Supplement, or, in either case, as you or a subsequent holder of any Note initially issued to you may designate to the Company in writing.

Section 9.7. Environmental Indemnity and Covenant Not to Sue. (a) The Company agrees to indemnify and hold harmless from time to time the Purchasers and each other holder of the Notes, each Person claiming by, through, under or on account of any of the foregoing and the respective directors, officers, counsel and employees of each of the foregoing Persons (the "Indemnified Parties") from and against any and all losses, claims, cost recovery actions, administrative orders or proceedings, damages and liabilities to which any such Indemnified Party may become subject (1) under any Environmental Law applicable to the Company or any of its Subsidiaries or any of their respective properties, (2) the presence, use, release, storage, treatment or disposal of Hazardous Substances on or at any property owned or operated by the Company or any Subsidiary, (3) as a result of the breach of or non-compliance by the Company or any of its Subsidiaries with any Environmental Law applicable to the Company or any of its Subsidiaries and (4) due to past ownership of any of their respective properties or past activity on any of their respective properties which, though lawful and fully permissible at the time, could result in present liability, except to the extent the acts or omissions of such Indemnified Party, its successors and assigns are the sole and direct cause of the circumstances giving rise to such demand, claim, cost recovery action or lawsuit. The provisions of this SECTION 9.7(a) shall survive termination of this Agreement by payment in full of all of the Notes issued hereunder and shall survive the transfer of any Note or Notes issued hereunder.

(b) Without limiting the provisions of SECTION 9.7(a), the Company and its successors and assigns hereby waive, release and covenant not to bring against any of the Indemnified Parties any demand, claim, cost recovery action or lawsuit they may now or hereafter have or accrue arising from (1) any Environmental Law now or hereafter enacted (including those applicable to the Company or any of its Subsidiaries), (2) the presence, use, release, storage, treatment or disposal of Hazardous Substances on or at any of the properties owned or operated by the Company or any of its Subsidiaries, or (3) the breach of or non-compliance by the Company with any Environmental Law or environmental covenant applicable to the Company or any of its Subsidiaries, except to the extent the acts or omissions of such Indemnified Party, its successors and assigns are the sole and direct cause of the circumstances giving rise to such demand, claim, cost recovery action or lawsuit.

The foregoing provisions of this SECTION 9.7 shall not restrict the Company's ability to enforce its right to recover damages pursuant to any policy of insurance providing coverage for environmental matters underwritten by any holder of Notes in its capacity as an insurance company.

Section 9.8. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to your benefit and to the benefit of your successors and assigns, including each successive holder or holders of any Notes.

Section 9.9. Survival of Covenants and Representations. All covenants, representations and warranties made by the Company herein (including any Supplement) and in any certificates

delivered pursuant hereto, whether or not in connection with a Closing Date, shall survive the closing and the delivery of this Agreement and the Notes.

Section 9.10. Severability. Should any part of this Agreement for any reason be declared invalid or unenforceable, such decision shall not affect the validity or enforceability of any remaining portion, which remaining portion shall remain in force and effect as if this Agreement had been executed with the invalid or unenforceable portion thereof eliminated and it is hereby declared the intention of the parties hereto that they would have executed the remaining portion of this Agreement without including therein any such part, parts or portion which may, for any reason, be hereafter declared invalid or unenforceable.

Section 9.11. Governing Law. THIS AGREEMENT AND THE NOTES ISSUED AND SOLD HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH NEW YORK LAW, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

Section 9.12. Submission to Jurisdiction. The Company hereby expressly waives all right to object to jurisdiction or execution in any legal action or proceeding relating to this Agreement or the Notes which it may now or hereafter have by reason of its domicile or by reason of any subsequent or other domicile. The Company agrees that any legal action or proceeding with respect to this Agreement or any Note, or any instrument, agreement or document mentioned or contemplated herein, or to enforce any judgment obtained against the Company in any such legal action or proceeding against it or any of its properties or revenues, may be brought by the holder of any Note in the courts of the County of New York, State of New York or of the United States of America located in New York, New York, as the holder of any Note may elect, and by execution and delivery of this Agreement, the Company irrevocably submits to each such jurisdiction for such purpose only.

In addition, the Company hereby irrevocably and unconditionally waives, to the extent not prohibited by applicable law, any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Agreement or the Notes brought in any of the aforesaid courts, and hereby further irrevocably and unconditionally waives and agrees, to the extent not prohibited by applicable law, not to plead or claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 9.13. Captions. The descriptive headings of the various Sections or parts of this Agreement are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

UNIVERSAL FOREST PRODUCTS, INC.

By

Its:

Accepted as of December 18, 2002.

[VARIATION]

By

Its:

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED
CONNECTICUT GENERAL LIFE INSURANCE COMPANY c/o CIGNA Retirement & Investment Services. 280 Trumbull Street Hartford, Connecticut 06103 Attention: Private and Alternative Investments - H16B Fax: 860-534-7203	$5,000,000 $5,000,000 (Tranche A) $8,000,000 $4,000,000 (Tranche B)

Payments

All payments on or in respect of the Notes to be by Federal Funds Wire Transfer to:

J.P.Morgan Chase Bank
BNF=CIGNA Private Placements/AC=9009001802
ABA #021000021
OBI=[name of company; description of security; interest rate; maturity date; PPN; due date] and application (as among principal, premium and interest of the payment being made); contact name and phone.

Address for Notices Related to Payments:

CIG & Co.
c/o CIGNA Retirement & Investments Services
Attention: Securities Processing, H05P
280 Trumbull Street
Hartford, Connecticut 06103

CIG & Co.
c/o CIGNA Retirement & Investment Services
Attention: Private and Alternative Investments, H16B
Operations Group
280 Trumbull Street
Hartford, Connecticut 06103
Fax: 860-534-7203

SCHEDULE I
(to Note Agreement)

with a copy to:

J.P. Morgan Chase Bank
Private Placement Servicing
P. O. Box 1508
Bowling Green Station
New York, New York 10081
Attention: CIGNA Private Placements
Fax: 212-552-3107/1005

Address for All Other Notices:

CIG & Co.
c/o CIGNA Retirement & Investments Services
Attention: Private and Alternative Investments, H16B
280 Trumbull Street
Hartford, Connecticut 06103
Fax: 860-534-7203

Name of Nominee in which Notes are to be issued: CIG & Co.

Taxpayer I.D. Number for CIG & Co.: 13-3574027

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED
PRINCIPAL LIFE INSURANCE COMPANY c/o Principal Global Investors, LLC 801 Grand Avenue Des Moines, Iowa 50392-0800	$13,000,000 $3,000,000 $1,000,000 $1,000,000 $1,000,000 (Tranche B)

Payments

All payments on or in respect of the Notes to be made by 12:00 Noon (New York City time) by bank wire transfer of immediately available funds to:

ABA #073000228
Wells Fargo Bank Iowa, N.A.
7th and Walnut Streets
Des Moines, Iowa 50309
For credit to Principal Life Insurance Company
Account No. 0000014752
OBI PFGSE (S) B0065565

With sufficient information (including interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds.

All notices with respect to payments to:

Principal Global Investors, LLC
801 Grand Avenue
Des Moines, Iowa 50392-0960
Attention: Investment Accounting - Securities
Telefacsimile: (515) 248-2643
Confirmation: (515) 248-2766

All other notices and communications to:

Principal Capital Management, LLC
801 Grand Avenue
Des Moines, Iowa 50392-0800
Attention: Fixed Income - Securities
Telefacsimile: (515) 248-2490
Confirmation: (515) 248-3495

Name of Nominee in which Notes are to be issued: None

Taxpayer I.D. Number: 42-0127290

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED
SCOTTISH RE (U.S.), INC. c/o Principal Global Investors, LLC 801 Grand Avenue Des Moines, Iowa 50392-0800 Attn: Fixed Income - Securities	$1,000,000 (Tranche B)

Payments

All payments on account of the Note to be made by 12:00 noon (New York City time) by wire transfer of immediately available funds to:

Comerica Bank/Trust Operations
AC: 2158598532
BNF: Scottish Annuity & Life Holdings, Ltd.
AC: 011000734950
BBI: Trade Settlement (313) 222-3111
Bank Routing Number: 072000096
OBI PFGSE (S) B0065565

With sufficient information (including interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds.

Notices

All notices with respect to the Note payable to Scottish Re, except with respect to payment, should be sent to:

Scottish Re (U.S.), Inc.
c/o Principal Global Investors, LLC
801 Grand Avenue
Des Moines, Iowa 50392-0800
Attn: Fixed Income - Securities
Fax: (515) 248-2490
Confirmation: (515) 248-3495

All notices with respect to payments on the Note payable to Scottish Re should be sent to::

Scottish Re (U.S.), Inc.
c/o Principal Global Investors, LLC
801 Grand Avenue
Des Moines, Iowa 50392-0800
Attn: Investment Accounting - Securities
Fax: (515) 248-2643
Confirmation: (515) 248-2766

Upon closing, deliver Note to:

Deutsche Bank
(Bankers Trust Company)
14 Wall Street
4th Floor, Window 44
Comercia Bank A/C 090755
New York, New York 10015

Name of Nominee in which Notes are to be issued: None

Taxpayer I.D. Number: 23-2038295

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED
STATE FARM LIFE INSURANCE COMPANY One State Farm Plaza Bloomington, Illinois 61710 Attention: Investment Department E-10	$4,000,000 (Tranche A) $4,000,000 (Tranche B)

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc. and as to interest rate, security description, maturity date and PPN, principal, premium or interest") to:

The Chase Manhattan Bank
ABA #021000021
SSG Private Income Processing
A/C #900-9-000200

for Credit to: Account Number G 06893

Notices

Send notices, financial statements, officer's certificates and other correspondence to:

State Farm Life Insurance Company
Investment Dept. E-8
One State Farm Plaza
Bloomington, IL 61710

Send confirms to:

State Farm Life Insurance Company
Investment Accounting Dept. D-3
One State Farm Plaza
Bloomington, IL 61710

Name of Nominee in which Notes are to be issued: None

Taxpayer I.D. Number: 37-0533090

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED
STATE FARM LIFE & ACCIDENT ASSURANCE COMPANY One State Farm Plaza Bloomington, Illinois 61710 Attention: Investment Department E-10	$1,000,000 (Tranche A)

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc. and as to interest rate, security description, maturity date and PPN, principal, premium or interest") to:

The Chase Manhattan Bank
ABA #021000021
SSG Private Income Processing
A/C #900-9-000200

for Credit to: Account Number G 06895

Notices

Send notices, financial statements, officer's certificates and other correspondence to:

State Farm Life and Accident Assurance Company
Investment Dept. E-8
One State Farm Plaza
Bloomington, IL 61710

Send confirms to:

State Farm Life and Assurance Company
Investment Accounting Dept. D-3
One State Farm Plaza
Bloomington, IL 61710

Name of Nominee in which Notes are to be issued: None

Taxpayer I.D. Number: 37-0805091

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED
THE CANADA LIFE ASSURANCE COMPANY 330 University Avenue, SP-11 Toronto, Ontario, Canada M5G 1R8 Attention: Paul English, U.S. Investments Division	$4,000,000 (Tranche B)

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds to:

For call or maturity payments:

Chase Manhattan Bank
ABA #021-000-021
Account No. 900-9-000192
Trust Account No. G52708
Reference: CUSIP, Name of Issuer & description,
and call or maturity date

For all other payments (by wire):

Chase Manhattan Bank
ABA #021-000-021
Account No. 900-9-000200
Trust Account No. G52708
Reference: PPN, Name of Issuer and description,
and Principal and Interest payment

For all other payments (by mail):

Mail check payment to:
J. Romeo & Co.
c/o Chase Manhattan Bank
P. O. Box 35308
Newark, New Jersey 07101-8006
Attention: Funds Clearance/ A/C# G52708
Reference: CUSIP, Name of Issuer and description,
and Principal and Interest payment

Notices

Notices with respect to payments and written confirmation of each such payment, to be addressed:

Chase Manhattan Bank
North American Insurance
3 Chase MetroTech Centre, 6th Floor
Brooklyn, New York 11245
Attention: Doll Balbadar

with a copy to:

The Canada Life Assurance Company
330 University Avenue, SP-12
Securities Accounting
Toronto, Ontario, Canada M5G 1R8

All other notices and communications (including financial statements) to be addressed as first provided above.

Name of Nominee in which Notes are to be issued: J. Romeo & Co.

Taxpayer I.D. Number: 38-0397420

FUNDED DEBT; LIENS SECURING FUNDED DEBT
(INCLUDING CAPITALIZED LEASES); SUBSIDIARIES; AND
RESTRICTED SUBSIDIARIES AS OF THE CLOSING DATE

See Attached

SCHEDULE II
(to Note Agreement)

ENVIRONMENTAL OBLIGATIONS

See Attached

SCHEDULE III
(to Note Agreement)

UNIVERSAL FOREST PRODUCTS, INC.

5.63% Series 2002-A Senior Note, Tranche A,
Due December 18, 2009

PPN 913543 B@ 2

No.

December 18, 2002

$

UNIVERSAL FOREST PRODUCTS, INC., a Michigan corporation (the "Company"), for value received, hereby promises to pay to

or registered assigns
on the 18th day of December, 2009
the principal amount of

DOLLARS ($)

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of 5.63% per annum from the date hereof until maturity, payable semiannually on the 18th day of June and December in each year (commencing on June 18, 2003) and at maturity. The Company agrees to pay interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest, at the Overdue Rate after the due date, whether by acceleration or otherwise, until paid. "Overdue Rate" shall mean the lesser of (a) the maximum interest rate permitted by law and (b) 7.63% per annum.

Both the principal hereof and interest hereon are payable at the principal office of the Company in Grand Rapids, Michigan in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts. If any amount of principal, premium, if any, or interest on or in respect of this Note becomes due and payable on any date which is not a Business Day, such amount shall be payable on the immediately succeeding Business Day. "Business Day" means any day other than a Saturday, Sunday or other day on which banks in either Grand Rapids, Michigan or New York, New York are required by law to close or are customarily closed.

This Note is one of the 5.63% Series 2002-A Senior Notes, Tranche A, due December 18, 2009 of the Company in the aggregate principal amount of $15,000,000, which, together with the 6.16% Series 2002-A Senior Notes, Tranche B, due December 18, 2012 of the Company in the aggregate principal amount of $40,000,000, and any Additional Notes are issued or to be issued

under and pursuant to the terms and provisions of the separate Note Agreements, each dated as of December 18, 2002 (the "Note Agreements"), entered into by the Company with the original Purchasers therein referred to and any Additional Purchasers of Additional Notes and the holder hereof is entitled equally and ratably with the holders of all other Notes outstanding under the Note Agreements to all the benefits provided for thereby or referred to therein. Reference is hereby made to the Note Agreements for a statement of such rights and benefits.

This Note and the other Notes outstanding under the Note Agreements may be declared due prior to their expressed maturity dates and certain prepayments are required to be made thereon, all in the events, on the terms and in the manner and amounts as provided in the Note Agreements.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the premium, if any, set forth in the Note Agreements.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

THIS NOTE AND SAID NOTE AGREEMENTS ARE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

UNIVERSAL FOREST PRODUCTS, INC.

By

Its:

UNIVERSAL FOREST PRODUCTS, INC.

6.16% Series 2002-A Senior Note, Tranche B,
Due December 18, 2012

PPN 913543 B# 0

No.

December 18, 2002

$

UNIVERSAL FOREST PRODUCTS, INC., a Michigan corporation (the "Company"), for value received, hereby promises to pay to

or registered assigns
on the 18th day of December, 2012
the principal amount of

DOLLARS ($)

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of 6.16% per annum from the date hereof until maturity, payable semiannually on the 18th day of June and December in each year (commencing on June 18, 2003) and at maturity. The Company agrees to pay interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest, at the Overdue Rate after the due date, whether by acceleration or otherwise, until paid. "Overdue Rate" shall mean the lesser of (a) the maximum interest rate permitted by law and (b) 8.16% per annum.

Both the principal hereof and interest hereon are payable at the principal office of the Company in Grand Rapids, Michigan in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts. If any amount of principal, premium, if any, or interest on or in respect of this Note becomes due and payable on any date which is not a Business Day, such amount shall be payable on the immediately succeeding Business Day. "Business Day" means any day other than a Saturday, Sunday or other day on which banks in either Grand Rapids, Michigan or New York, New York are required by law to close or are customarily closed.

This Note is one of the 6.16% Series 2002-A Senior Notes, Tranche B, due December 18, 2012 of the Company in the aggregate principal amount of $40,000,000, which, together with the 5.63% Series 2002-A Senior Notes, Tranche A, due December 18, 2009 of the Company in the

aggregate principal amount of $15,000,000, and any Additional Notes are issued or to be issued under and pursuant to the terms and provisions of the separate Note Agreements, each dated as of December 18, 2002 (the "Note Agreements"), entered into by the Company with the original Purchasers therein referred to and any Additional Purchasers of Additional Notes and the holder hereof is entitled equally and ratably with the holders of all other Notes outstanding under the Note Agreements to all the benefits provided for thereby or referred to therein. Reference is hereby made to the Note Agreements for a statement of such rights and benefits.

This Note and the other Notes outstanding under the Note Agreements may be declared due prior to their expressed maturity dates and certain prepayments are required to be made thereon, all in the events, on the terms and in the manner and amounts as provided in the Note Agreements.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the premium, if any, set forth in the Note Agreements.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

THIS NOTE AND SAID NOTE AGREEMENTS ARE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

UNIVERSAL FOREST PRODUCTS, INC.

By

Its:

[FORM OF SUBSIDIARY NOTE GUARANTY]

\

EXHIBIT B-1
(to Note Agreement)

EXHIBIT B-2
(to Note Agreement)

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to you as follows:

1. Subsidiaries. Schedule II attached to the Agreements correctly states the name of each of the Company's Subsidiaries, its jurisdiction of incorporation, the percentage of its Voting Stock owned by the Company and/or its Subsidiaries and whether each such Subsidiary is a Restricted Subsidiary or an Unrestricted Subsidiary. The Company and each Restricted Subsidiary has good and marketable title to all of the shares it purports to own of the stock of each Restricted Subsidiary, free and clear in each case of any Lien. All such shares have been duly issued and are fully paid and non-assessable.

2. Corporate Organization and Authority. The Company, and each Restricted Subsidiary,

(a) is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation;

(b) has all requisite power and authority and all licenses and permits to own and operate its properties and to carry on its business as now conducted and as presently proposed to be conducted, except for any license or permit the failure of which to have would not materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of the Company or of the Company and its Restricted Subsidiaries, taken as a whole; and

(c) is duly licensed or qualified and is in good standing as a foreign corporation in each jurisdiction wherein the nature of the business transacted by it or the nature of the property owned or leased by it makes such licensing or qualification necessary.

3. Business and Property. You have heretofore been furnished with a copy of the Offering Materials (as defined in the Agreements and herein referred to as the "Offering Materials") delivered to you by Banc One Capital Markets, Inc. which generally sets forth the business conducted and proposed to be conducted by the Company and its Subsidiaries and the principal properties of the Company and its Subsidiaries.

4. Financial Statements. (a) The consolidated balance sheets of the Company and its consolidated Subsidiaries as of December 27, 1997, December 26, 1998, December 25, 1999, December 30, 2000 and December 29, 2001 and the statements of earnings, shareholders' equity and cash flows for the fiscal years ended on said dates, each accompanied by a report thereon containing an opinion unqualified as to scope limitations imposed by the Company and otherwise without qualification except as therein noted, by Deloitte & Touche in the case of fiscal years 1997, 1998, 1999 and 2000 and Arthur Andersen LLP in the case of fiscal year 2001, have been prepared in accordance with GAAP consistently applied except as therein noted, are correct and complete and present fairly the financial position of the Company and its

EXHIBIT C
(to Note Agreement)

consolidated Subsidiaries as of such dates and the results of their operations and changes in their cash flows for such periods.

(b) Since December 29, 2001, there has been no change in the condition, financial or otherwise, of the Company and its consolidated Subsidiaries as shown on the consolidated balance sheet as of such date except changes in the ordinary course of business, none of which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

5. Indebtedness. Schedule II attached to the Agreements correctly describes all Current Debt, Funded Debt, Capitalized Leases and Attributable Indebtedness of Sale and Leaseback Transactions of the Company and its Restricted Subsidiaries outstanding on the first and second Closing Date.

6. Full Disclosure. Neither the financial statements referred to in paragraph 4 hereof nor the Agreements, the Offering Materials or any other written statement furnished by the Company to you in connection with the negotiation of the sale of the Notes, contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein or herein not misleading. There is no fact peculiar to the Company or its Restricted Subsidiaries which the Company has not disclosed to you in writing which materially affects adversely nor, so far as the Company can now foresee, will materially affect adversely the properties, business, prospects, profits or condition (financial or otherwise) of the Company and its Restricted Subsidiaries, taken as a whole.

7. Pending Litigation. There are no proceedings pending or, to the knowledge of the Company after due inquiry, threatened against or affecting the Company or any Restricted Subsidiary in any court or before any governmental authority or arbitration board or tribunal which could reasonably be expected to have a Material Adverse Effect.

8. Title to Properties. The Company and each Restricted Subsidiary has good and marketable title in fee simple (or its equivalent under applicable law) to all material parcels of real property and has good title to all the other material items of property it purports to own, including that reflected in the most recent balance sheet referred to in paragraph 4 hereof, except as sold or otherwise disposed of in the ordinary course of business and except for Liens permitted by the Agreements.

9. Patents and Trademarks. The Company and each Restricted Subsidiary owns or possesses all patents, trademarks, trade names, service marks, copyright, licenses and rights with respect to the foregoing necessary for the present and planned future conduct of its business, without any known conflict with the rights of others.

10. Sale is Legal and Authorized. The sale of the Notes and compliance by the Company with all of the provisions of the Agreements (including any Supplement) and the Notes:

(a) are within the corporate powers of the Company;

(b) will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under the Articles of Incorporation or By-laws of the Company or any indenture or other material agreement or instrument to which the Company is a party or by which it may be bound or result in the imposition of any Liens or encumbrances on any property of the Company; and

(c) have been duly authorized by proper corporate action on the part of the Company (no action by the stockholders of the Company being required by law, by the Articles of Incorporation or By-laws of the Company or otherwise), executed and delivered by the Company and the Agreements and the Notes constitute the legal, valid and binding obligations, contracts and agreements of the Company enforceable in accordance with their respective terms.

11. No Defaults. No Default or Event of Default has occurred and is continuing. The Company is not in default in the payment of principal or interest on any Indebtedness for borrowed money and is not in default under any instrument or instruments or agreements under and subject to which any Indebtedness for borrowed money has been issued and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

12. Governmental Consent. No approval, consent or withholding of objection on the part of any regulatory body, state, Federal or local, is necessary in connection with the execution and delivery by the Company of the Agreements or the issuance, sale or delivery of the Notes or compliance by the Company with any of the provisions of the Agreements or the Notes.

13. Taxes. All tax returns required to be filed by the Company or any Restricted Subsidiary in any jurisdiction have, in fact, been filed, and all taxes, assessments, fees and other governmental charges upon the Company or any Restricted Subsidiary or upon any of their respective properties, income or franchises, which are shown to be due and payable in such returns have been paid. For all taxable years ending on or before December 31, 1997, the Federal income tax liability of the Company and its Restricted Subsidiaries has been satisfied and either the period of limitations on assessment of additional Federal income tax has expired or the Company and its Restricted Subsidiaries have entered into an agreement with the Internal Revenue Service closing conclusively the total tax liability for the taxable year. The Company does not know of any proposed additional tax assessment against it for which adequate provision has not been made on its accounts, and no material controversy in respect of additional Federal or state income taxes due since said date is pending or to the knowledge of the Company threatened. The provisions for taxes on the books of the Company and each Restricted Subsidiary are adequate for all open years, and for its current fiscal period.

14. Use of Proceeds. The net proceeds from the sale of the Notes will be used for general corporate purposes including to repay existing Indebtedness of the Company and its Subsidiaries. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the

purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Company and its Restricted Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5% of the value of such assets. As used in this Paragraph 14, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

15. Private Offering. Neither the Company, directly or indirectly, nor any agent on its behalf has offered or will offer the Notes or any similar Security or has solicited or will solicit an offer to acquire the Notes or any similar Security from or has otherwise approached or negotiated or will approach or negotiate in respect of the Notes or any similar Security with any Person other than the Purchasers and not more than 15 other institutional investors, each of whom was offered a portion of the Notes at private sale for investment. Neither the Company, directly or indirectly, nor any agent on its behalf has offered or will offer the Notes or any similar Security or has solicited or will solicit an offer to acquire the Notes or any similar Security from any Person so as to bring the issuance and sale of the Notes within the provisions of Section 5 of the Securities Act of 1933, as amended.

16. ERISA. (a) The Company and each ERISA Affiliate (i) have operated and administered each of its plans in compliance with all applicable laws, except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, and (ii) has not incurred any Material liability, nor has any event, transaction or condition occurred or exists that would reasonably be expected to result in the incurrence of any such Material liability or the imposition of any Material Lien, pursuant to Title I or IV of ERISA or pursuant to penalty or excise tax provisions of the Code relating to employee benefit plans or to Section 401(a)(29) or 412 of the Code.

(b) The present value of the aggregate benefit liabilities under each of its plans (other than multiemployer plans), determined as of the end of such plan's most recently ended plan year, did not exceed the aggregate current value of the assets of such plan allocable to such benefit liabilities, or such deficit, if any, did not exceed 5% of Adjusted Consolidated Net Worth. The term "benefit liabilities" has the meaning specified in Section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in Section 3 of ERISA.

(c) The Company currently does not have any Multiemployer plans.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by Section 4980B of the Code) of the Company and its Subsidiaries is not Material or has otherwise been disclosed in the most recent audited consolidated financial statements of the Company and its Subsidiaries.

(e) The execution and delivery of the Note Agreement and the issuance and sale of the Notes will not involve any transaction that is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax could be imposed pursuant to Section 4975(c)(1)(A)-(D) of the Code which in either event could reasonably be expected to result in a Material Adverse Effect. The representation is made in reliance upon and subject to the accuracy of the representation as to the sources of the funds used to pay the purchase price of the Notes to be purchased.

17. Compliance with Law. Neither the Company nor any Restricted Subsidiary (1) is in violation of any law, ordinance, franchise, governmental rule or regulation to which it is subject; or (2) has failed to obtain any license, permit, franchise or other governmental authorization necessary to the ownership of its property or to the conduct of its business, which violation or failure to obtain could reasonably be expected to have a Material Adverse Effect or impair the ability of the Company to perform its obligations contained in the Agreement (including any Supplement) or the Notes. Neither the Company nor any Restricted Subsidiary is in default with respect to any order of any court or governmental authority or arbitration board or tribunal.

18. Investment Company Act. The Company is not, and is not directly or indirectly controlled by or acting on behalf of any Person which is, required to register as an "investment company" under the Investment Company Act of 1940, as amended.

19. Foreign Assets Control Regulations, etc. Neither the Company nor any of the Company's Restricted Subsidiaries or Affiliates is, by reason of being a "national" of "designated foreign country" or a "specially designated national" within the meaning of the Regulations of the Office of Foreign Assets Control, United States Treasury Department (31 C.F.R., Subtitle B, Chapter V), or for any other reason, subject to any restriction or prohibition under, or is in violation of, any Federal statue or Presidential Executive Order, or any rules or regulations of any department, agency or administrative body promulgated under any such statute or order, concerning trade or other relations with any foreign country or any citizen or national thereof or the ownership or operation of any property. Without limiting the foregoing, neither the Company nor any Restricted Subsidiary (a) is or will become a person whose property or interests in property are blocked pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) or (b) engages or will engage in any dealings or transactions, or be otherwise associated, with any such person.

20. Environmental Matters. To the best of the Company's knowledge, except for any of such matters which individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect, the following clauses (a) through (f) are true and correct:

(a) the Company, each Restricted Subsidiary, and the properties each owns or operates comply with every applicable Environmental Law;

(b) the Company and each Restricted Subsidiary has obtained all permits, licenses and other governmental approvals required by every applicable Environmental Law for its operations and the properties it owns or operates;

(c) no Hazardous Substance has been released or disposed at any property currently owned or operated or while previously owned or operated by the Company or any Restricted Subsidiary;

(d) neither the Company nor any Restricted Subsidiary has any liability for restoration, removal, remedial, response or corrective action, natural resource damage or other harm pursuant to any applicable Environmental Law, either with respect to properties currently or previously owned or operated by the Company and its Subsidiaries;

(e) neither the Company nor any Restricted Subsidiary is subject to, has notice or knowledge of or is required to give any notice of any claim, demand, action, lawsuit or legal proceeding pursuant to any applicable Environmental Law in connection with the operations of or the properties owned by the Company or any Restricted Subsidiary; and

(f) there is no legal or regulatory proceeding pending or applicable Environmental Law which would be expected to prohibit or materially reduce the use of chromated copper arsenate or any other wood preservative by the Company or any Restricted Subsidiary.

SUPPLEMENT TO NOTE PURCHASE AGREEMENT

Dated as of

----------, ----

To the Purchaser(s) named in
Schedule I hereto

Ladies and Gentlemen:

This [Number] Supplement to Note Purchase Agreement (the "Supplement") is between Universal Forest Products, Inc. (the "Company") whose address is 2801 East Beltline, N.E. Grand Rapids, Michigan 49525 and the institutional investors named on Schedule I attached hereto (the "Purchasers").

Reference is hereby made to the separate and several Note Purchase Agreements dated as of December 18, 2002 (the "Note Agreements") between the Company and the purchasers listed on Schedule I thereto. All capitalized terms not otherwise defined herein shall have the same meaning as specified in the Note Agreements. Reference is further made to Section 4.3 thereof which requires that, prior to the delivery of any Additional Notes, the Company and each Additional Purchaser shall execute and deliver a Supplement.

The Company hereby agrees with the Purchaser(s) named on Schedule I hereto as follows:

1. The Company has authorized the issue and sale of $_____ aggregate principal amount of its _____% Series ___ Senior Notes, due _____, ____ (the "Series ___ Notes"). The Series ___ Notes, together with the Series 2002-A Notes initially issued pursuant to the Note Agreements and each series of Additional Notes which may from time to time be issued pursuant to the provisions of Section 1.4 of the Note Agreements, are collectively referred to as the "Notes" (such term shall also include any such notes issued in substitution therefor pursuant to Section 9.2 of the Note Agreement). The Series ___ Notes shall be substantially in the form attached hereto as Exhibit 1 with such changes therefrom, if any, as may be approved by the Purchaser(s) and the Company.

2. Subject to the terms and conditions hereof and as set forth in the Note Agreements and on the basis of the representations and warranties hereinafter set forth, the Company agrees to issue and sell to each Purchaser, and each Purchaser agrees to purchase from the Company, Series __ Notes in the principal amount [and of the tranche] set forth opposite such Purchaser's name on Schedule I hereto at a price of 100% of the principal amount thereof on the Closing Date hereafter mentioned.

3. Delivery of the $_____ in aggregate principal amount of the Series __ Notes will be made at the offices of _____, _____,

EXHIBIT F
(to Note Agreement)

_____, against payment therefor in Federal Reserve or other funds current and immediately available at the principal office of Banc One Capital Markets, Inc., Chicago, Illinois in the amount of the purchase price at 10:00 A.M., Chicago time, on _____, _____ or such later date (not later than _____, _____) as shall mutually be agreed upon by the Company and the Purchasers of the Series ____ Notes (the "Closing Date").

4. [Here insert prepayment provisions (including any applicable premium upon default and acceleration), closing conditions and representations and warranties applicable to Series ___ Notes].

5. The Purchaser represents and warrants that the representations and warranties set forth in Section 3.2 of the Note Agreements are true and correct on the date hereof with respect to the Series __ Notes.

6. The Company and each Purchaser agree to be bound by and comply with the terms and provisions of the Note Agreements as if such Purchaser were an original signatory to the Note Agreements.

The execution hereof shall constitute a contract between the Company and the Purchaser(s) for the uses and purposes hereinabove set forth, and this agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

UNIVERSAL FOREST PRODUCTS, INC.

By

Printed Name:

Its:

Accepted as of _____, _____

[VARIATION]

By

Printed Name:

Its:

FORM OF SERIES __ NOTE

___% Series __ Note, Tranche __,

Due _____

PPN _____

No.

$

UNIVERSAL FOREST PRODUCTS, INC., a Michigan corporation (the "Company"), for value received, hereby promises to pay to

or registered assigns

on the _____ day of _____

the principal amount of

DOLLARS ($)

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of ___% per annum from the date hereof until maturity, payable _____ on the _____ day of _____ and _____ in each year (commencing on _____) and at maturity. The Company agrees to pay interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest, at the Overdue Rate after the due date, whether by acceleration or otherwise, until paid. "Overdue Rate" shall mean the lesser of (a) the maximum interest rate permitted by law and (b) _____% per annum.

Both the principal hereof and interest hereon are payable at the principal office of the Company in Grand Rapids, Michigan in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts. If any amount of principal, premium, if any, or interest on or in respect of this Note becomes due and payable on any date which is not a Business Day, such amount shall be payable on the immediately succeeding Business Day. "Business Day" means any day other than a Saturday, Sunday or other day on which banks in either Grand Rapids, Michigan or New York, New York are required by law to close or are customarily closed.

This Note is one of the ___% Series _____ Notes, Tranche __, due _____ of the Company in the aggregate principal amount of $_____, which, together with the 5.63% Series 2002-A Senior Notes, Tranche A, due December 18, 2009 of the Company in the aggregate principal amount of $15,000,000, the 6.16% Series 2002-A Senior Notes, Tranche B, due December 18, 2012 of the Company in the

SCHEDULE I
(to [Number] Supplement)

aggregate principal amount of $40,000,000 and any Additional Notes are issued or to be issued under and pursuant to the terms and provisions of the separate Note Agreements, each dated as of December 18, 2002 (the "Note Agreements"), entered into by the Company with the original Purchasers therein referred to and any Additional Purchasers of Additional Notes and the holder hereof is entitled equally and ratably with the holders of all other Notes outstanding under the Note Agreements to all the benefits provided for thereby or referred to therein. Reference is hereby made to the Note Agreements for a statement of such rights and benefits.

This Note and the other Notes outstanding under the Note Agreements may be declared due prior to their expressed maturity dates and certain prepayments are required to be made thereon, all in the events, on the terms and in the manner and amounts as provided in the Note Agreements.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the premium, if any, set forth in the Note Agreements.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

THIS NOTE AND SAID NOTE AGREEMENTS ARE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

UNIVERSAL FOREST PRODUCTS, INC.

By

Its:

GUARANTY AGREEMENT

Dated as of December 18, 2002

By

UNIVERSAL FOREST PRODUCTS OF MODESTO LLC,

TRESSTAR, LLC,

UNIVERSAL TRUSS, INC.,

UFP VENTURES, INC.,

UFP VENTURES II, INC.,

UNIVERSAL FOREST PRODUCTS WESTERN DIVISION, INC.,

UNIVERSAL FOREST PRODUCTS EASTERN DIVISION, INC.,

SHOFFNER HOLDING COMPANY, INC.,

CONSOLIDATED BUILDING COMPONENTS, INC.,

UNIVERSAL FOREST PRODUCTS SHOFFNER, LLC,

UNIVERSAL FOREST PRODUCTS INDIANA LIMITED PARTNERSHIP,

UNIVERSAL FOREST PRODUCTS TEXAS LIMITED PARTNERSHIP,

UNIVERSAL FOREST PRODUCTS HOLDING COMPANY, INC.,

UFP REAL ESTATE, INC.,

SYRACUSE REAL ESTATE, LLC

and

UNIVERSAL FOREST PRODUCTS RECLAMATION CENTER, INC.

Re: $55,000,000 Senior Notes
due 2009-2012

of
UNIVERSAL FOREST PRODUCTS, INC.

GUARANTY AGREEMENT

PARTIES

THIS GUARANTY AGREEMENT, dated as of December 18, 2002 (this "Guaranty"), is made by UNIVERSAL FOREST PRODUCTS OF MODESTO LLC, TRESSTAR, LLC, UFP VENTURES, INC., UFP VENTURES II, INC., CONSOLIDATED BUILDING COMPONENTS, INC., UNIVERSAL FOREST PRODUCTS EASTERN DIVISION, INC., UNIVERSAL FOREST PRODUCTS WESTERN DIVISION, INC., SHOFFNER HOLDING COMPANY, INC., UNIVERSAL FOREST PRODUCTS SHOFFNER, LLC, UFP REAL ESTATE, INC., UNIVERSAL TRUSS, INC., UNIVERSAL FOREST PRODUCTS INDIANA LIMITED PARTNERSHIP, UNIVERSAL FOREST PRODUCTS TEXAS LIMITED PARTNERSHIP, UNIVERSAL FOREST PRODUCTS HOLDING COMPANY, INC., SYRACUSE REAL ESTATE, LLC AND UNIVERSAL FOREST PRODUCTS RECLAMATION CENTER, INC. (each, a "Guarantor" and collectively, the "Guarantors") in favor of each of the Noteholders (as defined below).

RECITALS

A. Each Guarantor is wholly-owned, directly or indirectly, by Universal Forest Products, Inc., a corporation incorporated under the laws of Michigan (the "Company").

B. Pursuant to the separate and several Note Agreements, each dated as of December 18, 2002 (the "Note Agreements"), between the Company and the Purchasers named on Schedule I thereto (each, a "Purchaser," and collectively, the "Purchasers"), the Company has agreed to issue and sell to the Purchasers (a) $15,000,000 in principal amount of the Company's 5.63% Series 2002-A Senior Notes, Tranche A, due December 18, 2009 (the "Tranche A Notes") and (b) $40,000,000 in principal amount of the Company's 6.16% Series 2002-A Senior Notes, Tranche B, due December 18, 2012 (the "Tranche B Notes"; the Tranche B Notes and the Tranche A Notes are hereinafter collectively referred to as the "Notes").

C. Each Guarantor will receive substantial direct and indirect benefit from the sale of the Notes.

D. The Purchasers have required as a condition to their purchase of the Notes that the Guarantors enter into this Guaranty as security for the Notes and accordingly the Guarantors have agreed to provide this Guaranty.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and for the purpose of inducing the Purchasers to purchase the Notes and in further consideration of the sum of Ten Dollars ($10.00) paid to the Guarantors by the Purchasers, the receipt and sufficiency of which is hereby acknowledged, the Guarantors do hereby covenant and agree as follows:

1. Defined Terms. As used in this Guaranty, terms defined in the first paragraph of this Guaranty and in the recital paragraphs are used herein as defined therein, and the following terms shall have the following meanings:

"Cumulative Guarantors" shall mean the Guarantors and all other future guarantors of the Liabilities.

"Liabilities" shall mean all indebtedness, obligations and liabilities of the Company to any of the Noteholders in connection with or pursuant to the Note Agreements and the Notes, including, without limitation, all principal, interest, premium, charges, fees and all costs and expenses, including, without limitation, reasonable fees and expenses of counsel, in each case whether now existing or hereafter arising, direct or indirect, absolute or contingent, joint and/or several, secured or unsecured, arising by operation of law or otherwise.

"Noteholders" shall mean the Purchasers and any subsequent holders of the Notes.

All other capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Note Agreements.

2. Guarantee. (a) Each Guarantor hereby guarantees to the Noteholders, irrevocably, absolutely and unconditionally, as primary obligor and not as surety only, the prompt and complete payment of the Liabilities.

(b) All payments to be made under this Guaranty (except pursuant to paragraph (c) below) shall be made to each Noteholder pro rata in accordance with the unpaid amount of Liabilities held by each Noteholder at the time of such payment.

(c) The Guarantors agree to make prompt payment, on demand, of any and all reasonable costs and expenses incurred by any Noteholder in connection with enforcing the obligations of any of the Guarantors hereunder, including, without limitation, the reasonable fees and disbursements of counsel.

3. Consents to Renewals, Modifications and other Actions and Events. This Guaranty and all of the obligations of the Guarantors hereunder shall remain in full force and effect without regard to and shall not be released, affected or impaired by: (a) any amendment, assignment, transfer, modification of or addition or supplement to the Liabilities or any of the Note Agreements; (b) any extension, indulgence, increase in the Liabilities or other action or inaction in respect of any of the Note Agreements or otherwise with respect to the Liabilities, or any acceptance of security for, or other guaranties of, any of the Liabilities or Note Agreements, or any surrender, release, exchange, impairment or alteration of any such security or guaranties, including, without limitation, the failing to perfect a security interest in any such security or abstaining from taking advantage of or realizing upon any other guaranties or upon any security interest in any such security; (c) any default by the Company under, or any lack of due execution, invalidity or unenforceability of, or any irregularity or other defect in, any of the Note Agreements; (d) any waiver by any Noteholder or any other person of any required performance or otherwise of any condition precedent or waiver of any requirement imposed by any of the

Note Agreements, any other guaranties or otherwise with respect to the Liabilities; (e) any exercise or non-exercise of any right, remedy, power or privilege in respect of this Guaranty, any other guaranty or any of the Note Agreements; (f) any sale, lease, transfer or other disposition of the assets of the Company or any consolidation or merger of the Company with or into any other person, corporation, or entity, or any transfer or other disposition of any shares of capital stock of the Company; (g) any bankruptcy, insolvency, reorganization or similar proceedings involving or affecting the Company or any other guarantor of the Liabilities; (h) the release or discharge of the Company from the performance or observance of any agreement, covenant, term or condition under any of the Liabilities or contained in any of the Note Agreements, of any Cumulative Guarantor or of this Guaranty, by operation of law or otherwise; or (i) any other cause whether similar or dissimilar to the foregoing which, in the absence of this provision, would release, affect or impair the obligations, covenants, agreements or duties of any Guarantor hereunder or constitute a defense hereto, including, without limitation, any act or omission by any Noteholder or any other person which increases the scope of any Guarantor's risk, and in each case described in this paragraph whether or not any Guarantor shall have notice or knowledge of any of the foregoing, each of which is specifically waived by each Guarantor. Each Guarantor warrants to the Noteholders that it has adequate means to obtain from the Company on a continuing basis information concerning the financial condition and other matters with respect to the Company and that it is not relying on any Noteholder to provide such information either now or in the future.

4. Waivers, Etc. Each Guarantor unconditionally waives: (a) notice of any of the matters referred to in Paragraph 3 above; (b) all notices which may be required by statute, rule of law or otherwise to preserve any rights of any Noteholder, including, without limitation, notice to the Guarantors of default, presentment to and demand of payment or performance from the Company and protest for non-payment or dishonor; (c) any right to the exercise by any Noteholder of any right remedy, power or privilege in connection with any of the Note Agreements; (d) any requirement of diligence or marshaling on the part of any Noteholder; (e) any requirement that any Noteholder, in the event of any default by the Company, first make demand upon or seek to enforce remedies against, the Company or any other Cumulative Guarantor before demanding payment under or seeking to enforce this Guaranty; (f) any right to notice of the disposition of any security which any Noteholder may hold from the Company or otherwise and any right to object to the commercial reasonableness of the disposition of any such security; and (g) all errors and omissions in connection with any Noteholder's administration of any of the Liabilities, any of the Note Agreements or any other Cumulative Guarantor, or any other act or omission of any Noteholder which changes the scope of such Guarantor's risk. The obligations of each Guarantor hereunder shall be complete and binding forthwith upon the execution of this Guaranty by it and subject to no condition whatsoever, precedent or otherwise, and notice of acceptance hereof or action in reliance hereon shall not be required.

5. Nature of Guaranty; Payments. This Guaranty is an absolute, unconditional, irrevocable and continuing guaranty of payment and not a guaranty of collection, and is wholly independent of and in addition to other rights and remedies of any Noteholder with respect to the Company, any collateral, any Cumulative Guarantor or otherwise, and it is not contingent upon the pursuit by any Noteholder of any such rights and remedies, such pursuit being hereby waived by each Guarantor. The obligations of each Guarantor hereunder shall be continuing and shall

continue (irrespective of any statute of limitations otherwise applicable) and cover and include all the Liabilities of the Company accruing or in the process of accruing to the Noteholders before the Noteholders deliver to the Guarantors a release of this Guaranty, which is in writing, refers specifically to this Guaranty, and is signed by a President, a Senior Vice-President, or a Vice-President of each Noteholder. Nothing shall discharge or satisfy the liability of any Guarantor hereunder except the full and irrevocable payment and performance of all of the Liabilities and the expiration or termination of all the Note Agreements. All payments to be made by the Guarantors hereunder shall be made without set-off or counterclaim, and each Guarantor hereby waives the assertion of any set-off or counterclaim in any proceeding to enforce its obligations hereunder. All payments to be made by each Guarantor hereunder shall also be made without deduction or withholding for, or on account of, any present or future taxes or other similar charges of whatsoever nature, provided that if any Guarantor is nevertheless required by law to make any deduction or withholding, such Guarantor shall pay to the Noteholders such additional amounts as may be necessary to ensure that the Noteholders shall receive a net sum equal to the sum which it would have received had no such deduction or withholding been made. Each Guarantor agrees that, if at any time all or any part of any payment previously applied by any Noteholder to any of the Liabilities must be returned by such Noteholder for any reason, whether by court order, administrative order, or settlement and whether as a "voidable preference", "fraudulent conveyance" or otherwise, each Guarantor remains liable for the full amount returned as if such amount had never been received by such Noteholder, notwithstanding any termination of this Guaranty or any cancellation of any of the Note Agreements and the Liabilities and all obligations of each Guarantor hereunder shall be reinstated in such case.

6. Evidence of Liabilities. Each Noteholder's books and records showing the Liabilities shall be admissible in any action or proceeding, shall be binding upon each Guarantor for the purpose of establishing the Liabilities due from the Company and shall constitute prima facie proof, absent manifest error, of the Liabilities of the Company to such Noteholder, as well as the obligations of each Guarantor to such Noteholder.

7. Subordination, Subrogation, Contribution, Etc. Each Guarantor agrees that all present and future indebtedness, obligations and liabilities of the Company to such Guarantor shall be fully subordinate and junior in right and priority of payment to any indebtedness of the Company to the Noteholders, and no Guarantor shall have any right of subrogation, contribution (including, without limitation, the contribution and subrogation rights granted below), reimbursement or indemnity whatsoever nor any right of recourse to security for the debts and obligations of the Company unless and until all Liabilities shall have been paid in full, such payment is not subject to any possibility of revocation or rescission and all Note Agreements have expired or been terminated. Subject to the preceding sentence, if any Guarantor makes a payment in respect of the Liabilities it shall be subrogated to the rights of the payee against the Company with respect to such payment and shall have the rights of contribution set forth below against all other Cumulative Guarantors and each Guarantor agrees that all other Cumulative Guarantors shall have the rights of contribution against it set forth below. If any Guarantor makes a payment in respect of the Liabilities that is smaller in proportion to its Payment Share (as hereinafter defined) than such payments made by the other Cumulative Guarantors are in proportion to the amounts of their respective Payment Shares, such Guarantor shall, when

permitted by the first sentence of this Section 7, pay to the other Guarantors an amount such that the net payments made by the Cumulative Guarantors in respect of the Liabilities shall be shared among the Cumulative Guarantors pro rata in proportion to their respective Payment Shares. If any Guarantor receives any payment by way of subrogation that is greater in proportion to the amount of its Payment Share than the payments received by the other Cumulative Guarantors are in proportion to the amounts of their respective Payment Shares, such Guarantor shall, when permitted by the first sentence of this Section 7, pay to the other Cumulative Guarantors an amount such that the subrogation payments received by the Guarantors shall be shared among the Cumulative Guarantors pro rata in proportion to their respective Payment Shares.

For purposes of this Guaranty, the "Payment Share" of any Cumulative Guarantor shall be the sum of (a) the aggregate proceeds of the Liabilities received by such Guarantor (and, if received subject to a repayment obligation, remaining unpaid on the Determination Date (as hereinafter defined)), plus (b) the product of (i) the aggregate Liabilities remaining unpaid on the date such Liabilities become due and payable in full, whether by stated maturity, acceleration or otherwise (the "Determination Date") reduced by the amount of such Liabilities attributed to all of the Cumulative Guarantors pursuant to clause (a) above, times (ii) a fraction, the numerator of which is such Guarantor's net worth on the effective date of this Guaranty (determined as of the end of the immediately preceding fiscal reporting period of the Guarantor), and the denominator of which is the aggregate net worth of all of the Cumulative Guarantors, determined for each Cumulative Guarantor on the respective effective date of the guaranty signed by such Cumulative Guarantor.

8. Assignment by Noteholders. Each Noteholder shall have the right to assign and transfer this Guaranty to any assignee of any portion of the Liabilities. Each Noteholder's successors and assigns hereunder shall have the right to rely upon and enforce this Guaranty.

9. Joint and Several Obligations. The obligations of the Guarantors hereunder and all other Cumulative Guarantors shall be joint and several and each Guarantor shall be liable for all of the Liabilities to the extent provided herein regardless of any other Cumulative Guarantors, and each Noteholder shall have the right, in its sole discretion to pursue its remedies against any Guarantor without the need to pursue its remedies against any other Cumulative Guarantor, whether now or hereafter in existence, or against any one or more Cumulative Guarantors separately or against any two or more jointly, or against some separately and some jointly.

10. Representations and Warranties. Each Guarantor hereby represents and warrants to the Noteholders that:

(a) the execution, delivery and performance by the Guarantor of this Guaranty are within its corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official, and do not contravene or constitute a default under, any provision of applicable law or regulation or of the articles of incorporation or other charter documents or bylaws of such Guarantor, or of any agreement, judgment, injunction, order, decree or other instrument binding upon such Guarantor, or result in the creation or imposition of any lien, security interest or other charge or encumbrance on any asset of such Guarantor;

(b) this Guaranty constitutes a legal, valid and binding agreement of each Guarantor, enforceable against such Guarantor in accordance with its terms;

(c) as of the date hereof, each of the following is true and correct for each Guarantor, assuming value is given to the rights of contribution and subrogation as described in Section 7 hereof: (i) the fair saleable value and the fair valuation of such Guarantor's property is greater than the total amount of its liabilities (including contingent liabilities) and greater than the amount that would be required to pay its probable aggregate liability on its existing debts as they become absolute and matured, (ii) each Guarantor's capital is not unreasonably small in relation to its current and/or contemplated business or other undertaken transactions and (iii) each Guarantor does not intend to incur, or believe that it will incur, debt beyond its ability to pay such debts as they become due; and

(d) the Company and the Guarantors are engaged as an integrated group in the business of providing related services; the integrated operation requires financing on such a basis that proceeds from the sale of Notes paid to the Company by the Purchasers can be made available from time to time to various subsidiaries of the Company, as required for the continued successful operation of the integrated group as a whole; and each Guarantor has requested that the Purchasers purchase the Notes from the Company for the purpose of financing the integrated operations of the Company and its subsidiaries, including such Guarantor, with such Guarantor expecting to derive benefit, direct or indirectly, from the purchase of the Notes by the Purchasers from the Company, both in such Guarantor's separate capacity and as a member of the integrated group, inasmuch as the successful operation and condition of such Guarantor is dependent upon the continued successful performance of the functions of the integrated group as a whole. Each of the Guarantors hereby determines and agrees that the execution, delivery and performance of this Guaranty are necessary and convenient to the conduct, promotion or attainment of the business of such Guarantor and in furtherance of the corporate purposes of such Guarantor.

11. Binding on Successors and Assigns. This Guaranty shall be the valid, binding and enforceable obligation of the Guarantors and their successors and assigns.

12. Indemnity. As a separate, additional and continuing obligation, each Guarantor unconditionally and irrevocably undertakes and agrees with each Noteholder that, should the Liabilities not be recoverable from any Guarantor as guarantor under this Guaranty for any reason whatsoever (including, without limitation, by reason of any provision of any of the Liabilities or the Note Agreements being or becoming void, unenforceable, or otherwise invalid under any applicable law) then, notwithstanding any knowledge thereof by any Noteholder at any time, each Guarantor as original and independent obligor, upon demand by the Noteholders, will make payment to the Noteholders of the Liabilities by way of a full indemnity.

13. Cumulative Rights and Remedies, Etc. The obligations of each Guarantor under this Guaranty are continuing obligations and a new cause of action shall arise in respect of each default hereunder. No course of dealing on the part of any Noteholder, nor any delay or failure

on the part of any Noteholder in exercising any right, power or privilege hereunder, shall operate as a waiver of such right, power, or privilege or otherwise prejudice the Noteholders' rights and remedies hereunder, nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. No right or remedy conferred upon or reserved to any Noteholder under this Guaranty is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing under any applicable law. Every right and remedy given by this Guaranty or by applicable law to the Noteholders may be exercised from time to time and as often as may be deemed expedient by any Noteholder.

14. Severability. If any one or more provisions of this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected, impaired, prejudiced or disturbed thereby, and any provision hereunder found partially unenforceable shall be interpreted to be enforceable to the fullest extent possible. If at any time all or any portion of the obligation of any Guarantor under this Guaranty would otherwise be determined by a court of competent jurisdiction to be invalid, unenforceable or avoidable under Section 548 of the federal Bankruptcy Code or under any fraudulent conveyance or transfer laws or similar applicable law of any jurisdiction, then notwithstanding any other provisions of this Guaranty to the contrary such obligation or portion thereof of such Guarantor under this Guaranty shall be limited to the greatest of (i) the value of any quantified economic benefits accruing to such Guarantor as a result of this Guaranty, (ii) an amount equal to 95% of the excess on the date the relevant Liabilities were incurred of the present fair saleable value of the assets of such Guarantor over the amount of all liabilities of such Guarantor, contingent or otherwise and (iii) the maximum amount of which this Guaranty is determined to be enforceable.

15. Merger, Amendments. This Guaranty is intended as a final expression of the subject matter hereof and is also intended as a complete and exclusive statement of the terms hereof. Each Guarantor's liability hereunder is independent of and in addition to its liability under any other guaranty previously of subsequently executed. No course of dealing, course of performance or trade usage, and no parole evidence of any nature, shall be used to supplement or modify any terms hereof, nor are there any conditions to the full effectiveness of this Guaranty. None of the terms and provisions of this Guaranty may be waived, altered, modified or amended in any way except by an instrument in writing executed by duly authorized officers of each Noteholder and the Guarantors.

16. Consent to Jurisdiction. Notwithstanding the place where any Liability originates or arises, or is to be repaid, any suit, action or proceeding arising out of or relating to this Guaranty or any of the Note Agreements may be instituted in any court of the United States of America or the State of Illinois, sitting in the City of Chicago, State of Illinois, and each Guarantor hereby irrevocably waives any objection which it may have or hereafter have to the laying of the venue of any such suit, action or proceeding and any claim that any such suit action or proceeding has been brought in an inconvenient forum; and each Guarantor hereby irrevocably submits his person and property to the jurisdiction of any such court in any such suit, action or proceeding. Each Guarantor hereby consents to the service of process in any suit action or proceeding of the nature referred to in this paragraph by the mailing of a copy thereof

by registered or certified mail, postage prepaid, or personally delivering a copy thereof to such Guarantor, at the address set forth under its signature below, or at such other address as such Guarantor may hereafter specify to the Noteholders in writing. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law or limit the right of the Noteholders to bring proceedings against any Guarantor or any of its property in the courts of any other jurisdiction in which it is subject to service of process. To the extent that any Guarantor now or hereafter may be entitled, in any jurisdiction in which proceedings may at any time be commenced with respect to this Guaranty or the transactions contemplated hereby, to claim itself or its revenues, assets or properties any immunity (including, without limitation, immunity from service of process, jurisdiction, suit, judgment, counterclaim, enforcement of or execution on a judgment attachment prior to the judgment, attachment in aid of execution of a judgment or other legal process), and to the extent that in any such jurisdiction there may be attributed any such immunity (whether or not claimed), such Guarantor hereby irrevocably undertakes not to claim and hereby irrevocably waives any such immunity to the fullest extent permitted by law. Each Guarantor irrevocably and generally consents in respect of any proceedings to the giving of any relief or the issue of any process in connection with those proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever of any order or judgment which may be made or given in those proceedings.

17. Governing Law; Headings. This Guaranty shall be governed by and construed in accordance with the laws of the State of Michigan without giving effect to the choice of law principles of such state. The headings of the various paragraphs hereof are for the convenience of reference only and shall in no way modify any of the terms or provisions hereof.

18. Notices. Any notice, demand, consent or request given or made to each Guarantor by any Noteholder shall be deemed to have been duly given or made if sent in writing (including telecommunications) to such Guarantor to the address or telex or telecopy number set forth below the name of such Guarantor on the signature page hereof, or at such other address or telex or telecopy number as such Guarantor may hereafter specify to the Noteholders in writing. All notices or other communications sent by means of telecopy, telex or other wire transmission shall be made with request for assurance of receipt in a manner typical with respect to communications of that type. Written notices or other communications shall be deemed delivered upon receipt if delivered by hand or by telecopy, three business days after mailing if mailed, or one business day after deposit with an overnight courier service if delivered by overnight courier. Notices or other communications delivered by hand shall be deemed delivered upon receipt.

19. WAIVER OF JURY TRIAL. THE NOTEHOLDERS, IN ACCEPTING THIS GUARANTY, AND THE GUARANTORS, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS GUARANTY OR ANY RELATED INSTRUMENT OR AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY OF THEM. NEITHER THE NOTEHOLDERS NOR THE GUARANTORS SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER

ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY ANY OF THE NOTEHOLDERS OR THE GUARANTORS EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ALL OF THEM. THIS GUARANTY IS FREELY AND VOLUNTARILY GIVEN TO THE NOTEHOLDERS BY THE GUARANTORS WITHOUT ANY DURESS OR COERCION, AND AFTER EACH GUARANTOR HAS EITHER CONSULTED WITH COUNSEL OR BEEN GIVEN AN OPPORTUNITY TO DO SO. EACH GUARANTOR HAS CAREFULLY AND COMPLETELY READ ALL OF THE TERMS AND PROVISIONS OF THIS GUARANTY AND OF EACH NOTE AGREEMENT.

[INTENTIONALLY BLANK]

UNIVERSAL FOREST PRODUCTS OF MODESTO LLC

By
Its

TRESSTAR, LLC

By
Its

UNIVERSAL TRUSS, INC.

By
Its

UFP VENTURES, INC.

By
Its

UFP VENTURES II, INC.,

By
  Its

UNIVERSAL FOREST PRODUCTS WESTERN
  DIVISION, INC.

By
  Its

UNIVERSAL FOREST PRODUCTS EASTERN
  DIVISION, INC.

By
  Its

SHOFFNER HOLDING COMPANY, INC.

By
  Its

CONSOLIDATED BUILDING COMPONENTS, INC.

By
  Its

UNIVERSAL FOREST PRODUCTS SHOFFNER, LLC.

By
Its

UNIVERSAL FOREST PRODUCTS INDIANA LIMITED PARTNERSHIP

By
Its

UNIVERSAL FOREST PRODUCTS TEXAS LIMITED PARTNERSHIP

By
Its

UNIVERSAL FOREST PRODUCTS HOLDING COMPANY, INC.

By
Its

UFP REAL ESTATE, INC.

By
Its

SYRACUSE REAL ESTATE, LLC

By
  Its

UNIVERSAL FOREST PRODUCTS RECLAMATION
  CENTER, INC.

By
  Its

EXHIBIT 13

UNIVERSAL FOREST PRODUCTS, INC.
FINANCIAL INFORMATION

TABLE OF CONTENTS

SELECTED FINANCIAL DATA

(In thousands, except per share and statistics data)

2002	2001	2000	1999	1998
CONSOLIDATED STATEMENT OF EARNINGS DATA Net sales(1)	$1,639,899	$1,530,353	$1,387,130	$1,432,601	$1,236,711
Gross profit	230,410	211,479	187,013	178,387	145,973
Earnings before income taxes, minority interest and equity in earnings of investee	62,115	54,300	50,375	51,537	43,034
Net earnings(3)	36,637	33,142	30,438	31,448	26,419
Diluted earnings per share(3)	$ 1.97	$ 1.63	$ 1.49	$ 1.48	$ 1.28
Dividends per share	$ 0.090	$ 0.085	$ 0.080	$ 0.075	$ 0.070
Weighted average shares outstanding with common stock equivalents	18,619	20,377	20,477	21,186	20,613
CONSOLIDATED BALANCE SHEET DATA Working capital	$ 185,256	$ 124,071	$ 120,321	$ 124,324	$ 99,559
Total assets	634,794	551,209	485,320	468,638	419,795
Total debt and capital lease obligations(2)	243,572	212,187	160,860	155,818	143,877
Shareholders' equity	263,000	230,862	235,769	214,562	191,583
STATISTICS Gross profit as a percentage of net sales(1)	14.0%	13.8%	13.5%	12.4%	11.8%
Net earnings as a percentage of net sales(3)	2.2%	2.2%	2.2%	2.2%	2.1%
Return on beginning equity	16.0%	14.1%	14.4%	16.6%	22.8%
Current ratio	2.70	2.10	2.50	2.36	2.21
Debt to equity ratio(2)	0.93	0.92	0.68	0.73	0.75
Book value per common share	$ 14.90	$ 13.04	$ 12.02	$ 10.65	$ 9.29

- ------------------------

(1) In 2001, we reclassified customer rebate expense from cost of goods sold to include it in net sales. Prior year amounts have been reclassified.

(2) Includes $36 million classified as temporary shareholders' equity in 2001 associated with a share redemption we completed in January 2002.

(3) In 2002, we adopted SFAS 142 and as a result we no longer recognize amortization expense associated with goodwill.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RISK FACTORS

Included in this report are certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on the beliefs and assumptions of management, together with information available to us when the statements were made. Future results could differ materially from those included in such forward-looking statements as a result of, among other things, the factors set forth below and certain economic and business factors which may be beyond our control. Investors are cautioned that all forward-looking statements involve risks and uncertainty.

WE ARE SUBJECT TO FLUCTUATIONS IN THE PRICE OF LUMBER. We experience significant fluctuations in the cost of commodity lumber products from primary producers (the "Lumber Market"). A variety of factors over which we have no control, including government regulations, environmental regulations, weather conditions, economic conditions and natural disasters, impact the cost of lumber products and our selling prices. While we attempt to minimize our risk from severe price fluctuations, substantial, prolonged trends in lumber prices can negatively affect our sales volume, our gross margins and our profitability. We anticipate that these fluctuations will continue in the future.

OUR GROWTH MAY BE LIMITED BY THE MARKETS WE SERVE. Our sales growth is dependent, in part, upon the growth of the markets we serve. If our markets do not achieve anticipated growth, or if we fail to maintain our market share, financial results could be impaired.

The manufactured housing industry is currently hampered by market conditions, including a high rate of repossessions and tightened credit policies. Significant lenders who previously provided financing to consumers of these products and industry participants have either restricted credit or exited the market. A continued shortage of financing to this industry could adversely affect our operating results.

Our ability to achieve growth in sales and margins to the site-built construction market is somewhat dependent on housing starts. If housing starts decline significantly, our financial results could be negatively impacted.

We are witnessing consolidation by our customers. These consolidations will result in a larger portion of our sales being made to some customers and may limit the customer base we are able to serve.

A SIGNIFICANT PORTION OF OUR SALES ARE CONCENTRATED WITH ONE CUSTOMER. Our sales to The Home Depot comprised 30% and 33% of our total sales in 2002 and 2001, respectively.

OUR GROWTH MAY BE LIMITED BY OUR ABILITY TO MAKE SUCCESSFUL ACQUISITIONS. A key component of our growth strategy is to complete business combinations. Business combinations involve inherent risks, including assimilation and successfully managing growth. While we conduct extensive due diligence and have taken steps to ensure successful assimilation, factors beyond our control could influence the results of these acquisitions.

WE MAY BE ADVERSELY AFFECTED BY THE IMPACT OF ENVIRONMENTAL AND SAFETY REGULATIONS. We are subject to the requirements of federal, state and local environmental and occupational health and safety laws and regulations. There can be no assurance that we are at all times in complete compliance with all of these requirements. We have made and will continue to make capital and other expenditures to comply with environmental regulations. If additional laws and regulations are enacted in the future which restrict our ability to manufacture and market our products, including our treated lumber products, it could adversely affect our sales and profits. If existing laws are interpreted differently, it could also increase the financial costs to us. Several states have proposed legislation to limit the uses of CCA treated lumber. (See Environmental Considerations and Regulations.)

SEASONALITY AND WEATHER CONDITIONS COULD ADVERSELY AFFECT US. Some aspects of our business are seasonal in nature and results of operations vary from quarter to quarter. Our treated lumber and outdoor specialty products, such as fencing, decking and lattice, experience the greatest seasonal effects. Sales of treated lumber, primarily consisting of Southern Yellow Pine ("SYP"), also experience the greatest Lumber Market risk (see Historical Lumber Prices). Treated lumber sales are generally at their highest levels between April and August. This sales peak, combined with capacity constraints in the wood treatment process, requires us to build our inventory of treated lumber throughout the winter and spring. This also has an impact on our receivables balances, which tend to be significantly higher at the end of the second and third quarters. Because sales prices of treated lumber products may be indexed to the Lumber Market at the time they are shipped, our profits can be negatively affected by prolonged declines in the Lumber Market during our primary selling season. To mitigate this risk, programs are maintained with certain vendors and customers that are

intended to decrease our exposure. These

programs include those materials which are most susceptible to adverse changes in the Lumber Market. Some vendor programs also allow us to carry a lower investment in inventories.

The majority of our products are used or installed in outdoor construction activities; therefore, short-term sales volume, our gross margins, and our profits can be negatively affected by adverse weather conditions. In addition, adverse weather conditions can negatively impact our productivity and costs per unit.

WE MAY BE ADVERSELY AFFECTED IF OUR CUSTOMERS AND VENDORS ARE NOT WILLING TO MODIFY OUR EXISTING DISTRIBUTION STRATEGIES. While we have invested heavily in technology and established electronic business-to-business efficiencies with certain customers and vendors, the willingness of customers and vendors to modify existing distribution strategies poses a potential risk. We believe the nature of our products, together with our value-added services, ensures that we have a secure position in the supply chain.

When analyzing this report to assess our future performance, please recognize the potential impact of the various factors set forth above.

HISTORICAL LUMBER PRICES

The following table presents the Random Lengths framing lumber composite price for the years ended December 28, 2002, December 29, 2001 and December 30, 2000.

RANDOM LENGTHS COMPOSITE AVERAGE $/MBF			
	2002	2001	2000
January	$297	$269	$386
February	317	285	385
March	339	306	382
April	323	331	359
May	312	411	326
June	302	365	331
July	306	325	308
August	291	336	289
September	279	309	287
October	274	278	280
November	265	283	281
December	271	277	275
Annual average	$315	$324	$298
Annual percentage change	(5.4%)	(2.8%)	(19.4%)

In addition, a SYP composite price, which we prepare and use, is presented below. Sales of products produced using this species comprise up to fifty percent of our sales volume.

SYP COMPOSITE AVERAGE $/MBF	2002	2001	2000
January	$410	$369	$ 488
February	434	393	490
March	464	408	494
April	457	427	483
May	408	509	439
June	383	496	456
July	409	426	432
August	375	419	403
September	361	406	395
October	357	365	384
November	354	371	374
December	375	371	378
Annual average	$399	$413	$435
Annual percentage change	(3.4%)	(5.1%)	(13.2%)

IMPACT OF THE LUMBER MARKET ON OUR OPERATING RESULTS

We generally price our products to pass lumber costs through to our customers so that our profitability is based on the value-added manufacturing, distribution and services we provide. As a result, our sales levels (and working capital requirements) are impacted by the lumber costs of our products.

Our gross margins are impacted by both (1) the relative level of the Lumber Market (i.e. whether prices are higher or lower from comparative periods), and (2) the trend in the market price of lumber (i.e. whether the price of lumber is increasing or decreasing within a period or from period to period). Moreover, as explained below, our products are priced differently. Some of our products have fixed selling prices, while the selling prices of other products are indexed to the reported Lumber Market with a fixed dollar adder to cover conversion costs and profits. Consequently, the level and trend of the Lumber Market impact our products differently.

Below is a general description of the primary ways in which our products are priced.

- - Products with fixed selling prices. These products include value-added products such as decking and fencing sold to do-it-yourself/retail ("DIY/retail") customers, as well as trusses, wall panels and other components sold to the site-built construction market. Prices for these products are generally fixed at the time of the sales quotation for a specified period of time or are based upon a specific quantity. In order to maintain margins and eliminate or reduce any exposure to adverse trends in the price of component lumber products, we attempt to lock in costs for these sales commitments with our suppliers. Also, the time periods and quantity limitations generally allow us to reprice our products for changes in lumber costs from our suppliers.

- - Products with selling prices indexed to the reported Lumber Market with a fixed dollar "adder" to cover conversion costs and profits. These products include treated lumber, remanufactured lumber and trusses sold to the manufactured housing industry. For these products, we estimate the customers' needs and carry anticipated levels of inventory. Because lumber costs are incurred in advance of final sale prices, subsequent increases or decreases in the market price of lumber impact our gross margins. For these products, our margins are exposed to changes in the trend of lumber prices.

Changes in the trend of lumber prices have their greatest impact on those products that have significant inventory levels with low turnover rates. This particularly impacts treated lumber, which comprises almost twenty-five percent of our total

sales. In other words, the longer the period of time that products remain in inventory, the greater the exposure to changes in the price of lumber. This exposure is less significant with remanufactured lumber, trusses sold to the manufactured housing market and other similar products, due to the higher rate of inventory turnover.

In addition to the impact of Lumber Market trends on gross margins, changes in the level of the market cause fluctuations in gross margins when comparing operating results from period to period. This is explained in the following example, which assumes the price of lumber has increased from period one to period two, with no changes in the trend within each period.

	PERIOD 1	PERIOD 2
Lumber cost	$300	$400
Conversion cost	50	50
= Product cost	350	450
Adder	50	50
= Sell price	400	500
Gross margin	12.5%	10.0%

As is apparent from the preceding example, the level of lumber prices does not impact our overall profits, but does impact our margins. Gross margins are negatively impacted during periods of high lumber prices; conversely, we experience margin improvement when lumber prices are relatively low.

BUSINESS COMBINATIONS

We completed the following business combinations in fiscal 2002 and 2001 (see Note B to the consolidated financial statements for further details). These business combinations were accounted for using the purchase method.

COMPANY NAME	ACQUISITION DATE	BUSINESS DESCRIPTION
Quality Wood Treating Co., Inc. ("Quality")	November 4, 2002	One facility in Prairie du Chien, WI which produces Everx(R) composite decking. We also entered into an exclusive treating services agreement with Quality.
J.S. Building Products, Inc.	September 9, 2002	One facility in Modesto, CA, which manufactures engineered roof trusses for the site-built construction market.
Inno-Tech Plastics, Inc. ("Inno-Tech")	April 10, 2002	One facility in Springfield, IL which -- Entered into exclusive licensing agreement and manufactures "wood alternative" acquired certain assets. products.
Pinelli-Universal S. de R.L. de C.V. ("Pinelli")	January 15, 2002	One facility in Durango, Durango, -- Purchased additional 5% interest. Mexico which manufactures molding and millwork products.
P&R Truss Company, Inc. and P&R Truss-Sidney, Inc.	October 15, 2001	Facilities in Auburn, Chaffee, Hudson (collectively "P&R"). and Sidney, NY, which manufacture engineered roof trusses used in site-built construction.
Superior Truss Division of Banks Corporation ("Superior")	June 1, 2001	Facilities in Syracuse, IN and Minneota, MN which manufacture engineered wood products used in site-built construction.

COMPANY NAME ACQUISITION DATE	BUSINESS DESCRIPTION
-----	Sunbelt Wood Components ("Sunbelt")
April 3, 2001	Facilities in New London, NC; Haleyville, AL; Ashburn, GA; and Glendale, AZ which manufacture roof trusses used in manufactured housing.
D&R Framing Contractors ("D&R")	
February 28, 2001	One facility in Englewood, CO.
Framer -- Purchased 50% of	the assets. serving the site-built construction market.

RESULTS OF OPERATIONS

The following table presents, for the periods indicated, the components of our Consolidated Statements of Earnings as a percentage of net sales.

YEARS ENDED		
DECEMBER 28, 2002	DECEMBER 29, 2001	DECEMBER 30, 2000
Net sales	100.0%	100.0%
Cost of goods sold	86.0	86.2
Gross profit	14.0	13.8
Selling, general, and administrative expenses	9.7	9.5
Earnings from operations	4.3	4.3
Interest, net	(0.7)	(0.8)
Gain on sale of assets	0.1	0.0
Earnings before income taxes, minority interest and equity in earnings of investee	3.7	3.5
Income taxes	1.4	1.3
Earnings before minority interest and equity in earnings of investee	2.3	2.2
Minority interest	(0.1)	0.0
Equity in earnings of investee	0.0	0.0
Reported net earnings	2.2%	2.2%
Add: Goodwill amortization, net of tax	0.0	0.2
Adjusted net earnings	2.2%	2.4%

9.0
4.5
3.6
1.4
2.2
0.0
0.0
2.2%
0.2
2.4%

NET SALES

We engineer, manufacture, treat, distribute and install lumber, composite, plastic and other building products for the DIY/retail, site-built construction, manufactured housing, industrial and other lumber markets. Our strategic sales objectives include:

- - Diversifying our end market sales mix by increasing sales of specialty wood packaging to industrial users and engineered wood products to the site-built construction market. Engineered wood products include roof trusses, wall panels and floor systems.

- - Increasing sales of "value-added" products. Value-added product sales consist of fencing, decking, lattice and other specialty products sold to the

DIY/retail market, specialty wood packaging, engineered wood products and "wood alternative" products. One of our goals is to achieve a ratio of value-added sales to total sales of at least 50%. Although we consider the treatment of dimensional lumber with certain chemical preservatives a value-added process, treated lumber is not presently included in the value-added sales totals.

- - Maximizing profitable top-line sales growth while increasing DIY/retail market share.

- - Maintaining manufactured housing market share.

The following table presents, for the periods indicated, our net sales (in thousands) and percentage of total net sales by market classification.

YEARS ENDED					
DECEMBER 28,		DECEMBER 29,		DECEMBER 30,	
MARKET CLASSIFICATION	2002	%	2001	%	2000	%
DIY/retail	$ 761,688	46.5	$ 738,218	48.3	$ 659,663	47.6
Site-Built Construction	326,651	19.9	308,826	20.2	243,948	17.6
Manufactured Housing	292,394	17.8	280,208	18.3	291,191	21.0
Industrial and Other	259,166	15.8	203,101	13.2	192,328	13.8
Total	$1,639,899	100.0	$1,530,353	100.0	$1,387,130	100.0

- ------------------------

Note: During 2002, we reviewed our customer lists and made certain reclassifications. Historical information has been restated to reflect these reclassifications.

The following table estimates, for the periods indicated, our percentage change in net sales which were attributable to changes in overall selling prices versus changes in units shipped.

% CHANGE - IN SALES IN SELLING PRICES IN UNITS	
2002 versus 2001	+7% -2% +9%
2001 versus 2000	+10% -3% +13%
2000 versus 1999	-3% -6% +3%

The increase in unit sales in 2002 was due to the consolidation of Pinelli, business combinations we completed, and organic growth achieved by our existing plants totaling approximately 3%. The decrease in overall selling prices was attributable to the Lumber Market. Changes in sales by market are discussed below.

The increase in unit sales in 2001 was due to business combinations we completed and organic growth achieved by our existing plants totaling approximately 7%. The decrease in overall selling prices was attributable to the Lumber Market. Changes in sales by market are discussed below.

The following table presents, for the periods indicated, our percentage of value-added and commodity-based sales to total sales.

	VALUE-ADDED	COMMODITY-BASED
2002	50.8%	49.2%
2001	48.4%	51.6%
2000	44.2%	55.8%

The increase in our ratio of value-added sales to total sales in 2002 compared to 2001 was primarily due to a 12% increase in value-added sales while commodity-based sales remained relatively flat. Value-added sales increased primarily due to increased unit sales of engineered wood products, the consolidation of Pinelli which manufactures molding, millwork, and industrial products and other specialty products supplied to the DIY/retail market.

The increase in our ratio of value-added sales to total sales in 2001 compared

to 2000 was primarily due to a 21% increase in value-added sales while commodity-based sales remained relatively flat. Value-added sales increased primarily due to increased unit sales of engineered wood products to the site-built construction market, truss sales to the manufactured housing market and fencing and decking to the DIY/retail market.

DIY/RETAIL:

We have developed strong relationships with national retail customers due to our ability to provide quality products and a high level of service at competitive prices. The most significant is our long standing relationship with The Home Depot, which comprised 30% of our total sales and 65% of our DIY/retail sales in 2002.

Net sales to the DIY/retail market increased 3% in 2002 compared to 2001, primarily due to the acquisitions of P&R, Quality and Inno-Tech (see Business Combinations). Organic growth out of our existing operations was offset by lower overall selling prices due to the Lumber Market.

Net sales to the DIY/retail market increased 12% in 2001 compared to 2000, primarily due to growth in sales to The Home Depot. Our sales to The Home Depot increased 14% due to unit sales increases across several regions in all product lines.

SITE-BUILT CONSTRUCTION:

Net sales to the site-built construction market increased 6% in 2002 compared to 2001 primarily due to the acquisition of Superior (see Business Combinations). Organic growth achieved out of existing operations was substantially offset by lower selling prices due to the Lumber Market.

Net sales to the site-built construction market increased 27% in 2001 compared to 2000 primarily due to several acquisitions we completed during 2001 (see Business Combinations) combined with 11% growth out of our existing operations.

MANUFACTURED HOUSING:

Net sales to the manufactured housing market increased 4% in 2002 compared to 2001 despite a 13% decline in industry shipments. We improved our market share by utilizing certain assets acquired from Sunbelt (see Business Combinations) for the full year and increasing our sales to modular home producers.

Net sales to the manufactured housing market decreased 4% in 2001 compared to 2000 due to a decline in selling prices resulting from the Lumber Market. Our unit sales remained relatively flat, despite a 23% decline in industry shipments, primarily due to our acquisition of Sunbelt in April 2001 (see Business Combinations).

INDUSTRIAL AND OTHER:

Net sales to industrial and other increased 28% in 2002 compared to 2001 due to the consolidation of Pinelli, combined with 15% unit sales growth out of our existing plants. In January 2002, we acquired an additional 5% ownership interest in Pinelli. As a result of this transaction, we obtained additional rights of control and began consolidating Pinelli in the 2002 consolidated financial statements.

Net sales to industrial and other increased 6% in 2001 compared to 2000. This resulted from re-directing sales efforts and manufacturing capacity at certain plants due to the downturn in the manufactured housing market and our continued efforts to increase market share. We anticipated stronger growth in 2001, but the slowing economy had a significant impact on many of our customers, particularly those in the technology sector.

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales increased in 2002 compared to 2001. This increase was primarily due to an increase in sales of value-added products, offset in part by a dramatic decline in lumber prices during our peak selling season which adversely impacted our gross margins on products not covered under managed inventory programs. As previously discussed, a declining trend in lumber prices adversely impacts margins on products whose selling prices are indexed to the Lumber Market.

Gross profit as a percentage of net sales increased in 2001 compared to 2000. This increase was primarily due to an increase in our ratio of sales of value-added products, particularly sales of engineered wood products to the site-built construction market, trusses to the manufactured housing market and fencing and decking to the DIY/retail market. These positive effects were offset by margin pressure in the site-built construction market as activity in several regions softened.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses ("SG&A") as a percentage of net sales increased to 9.7% in 2002 compared to 9.5% in 2001. On a pro forma basis, excluding amortization of goodwill in 2001, the percentage was 9.3%. This increase was primarily due to new acquisitions that have comparatively higher selling and design costs, combined with increases in insurance costs and incentive compensation.

Effective December 30, 2001 (the first day of our fiscal year ending December 28, 2002), we adopted SFAS No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). This statement changed the accounting and reporting for goodwill and other intangible assets. Goodwill is no longer amortized, however tests for impairment are performed annually and if a triggering event occurs.

SG&A as a percentage of net sales increased to 9.5% in 2001 compared to 9.0% in 2000. This increase was primarily due to an increase in compensation and related benefit costs from a higher headcount, an increase in consulting costs associated with certain projects, and losses from the sale or impairment of idle assets.

INTEREST, NET

Net interest costs were lower in 2002 compared to 2001. Although we had a higher average debt balance as a result of increased working capital, acquisitions and the repurchase of shares from our largest shareholder, this was offset by a decrease in short-term borrowing rates on variable rate debt. The average interest rate on our primary revolving credit facility was 2.3% and 4.7% for 2002 and 2001, respectively.

Net interest costs were lower in 2001 compared to 2000. Although we had a higher average debt balance due to acquisitions in 2001, this was offset by a decrease in short-term borrowing rates on variable rate debt. The average interest rate on our primary revolving credit facility was 4.7% and 7.1% for 2001 and 2000, respectively.

GAIN ON SALE OF ASSETS

During the second quarter of 2002, we sold our corporate airplane and recognized a gain of $1.1 million on the sale, and entered into an operating lease for a replacement airplane.

INCOME TAXES

Effective tax rates differ from statutory federal income tax rates, primarily due to provisions for state and local income taxes and permanent tax differences.

Our effective tax rate increased to 37.0% in 2002 from 36.1% in 2001. This increase primarily resulted from an increase in our state income tax rate in 2002 and certain tax credits recognized in the third and fourth quarters of 2001. These increases were offset somewhat by the effect of no longer amortizing goodwill, which resulted in a permanent tax difference in 2001.

Our effective tax rate declined to 36.1% in 2001 from 38.1% in 2000. This decline primarily resulted from a permanent tax difference associated with our 50% investment in D&R and recognizing the benefits of certain tax credits in the third and fourth quarters of 2001.

OFF-BALANCE SHEET TRANSACTIONS

We have no significant off-balance sheet transactions other than operating leases.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities decreased by over $61 million in 2002 compared to 2001. This decrease was primarily due to:

- - An increase in our inventory levels relative to sales. In November and December 2002, our purchasing managers took advantage of the historically low level of the Lumber Market and increased inventory levels. The product purchased during this period is expected to be sold in the first quarter of 2003. In addition, inventory levels increased in 2002 as a result of

both inclement weather reducing sales in November and December and additional inventory purchased to utilize capacity created with our treating services agreement with Quality (see Business Combinations).

- - An increase in our accounts receivable as a result of extending our payment terms with The Home Depot by an additional 15 days.

Due to the seasonality of our business and the effects of the Lumber Market, we believe our cash cycle (days sales outstanding plus days supply of inventory less days payables outstanding) is a good indicator of our working capital management. Our cash cycle increased to 47 days in 2002 from 44 days in 2001. This increase was primarily due to a longer receivables cycle resulting from extended payment terms with The Home Depot. This was offset slightly by an extension in our payables cycle.

Capital expenditures totaled $31 million in 2002. These expenditures included $7 million of real estate purchases, along with several projects to improve efficiencies and expand manufacturing capacity at existing plants. On December 28, 2002, outstanding purchase commitments on capital projects totaled $1 million. We intend to satisfy these commitments utilizing our revolving credit facility.

We spent approximately $18 million in 2002 related to acquisitions which are discussed earlier under the caption Business Combinations. We funded the purchase price of these acquisitions using our revolving credit facility.

We issued almost $59 million of long-term debt in the fourth quarter of 2002 consisting of $40 million of unsecured notes due in December 2012 at an interest rate of 6.16%; $15 million of unsecured notes due in December 2009 at an interest rate of 5.63%; and $3.7 million of industrial development revenue bonds due in December 2022 bearing interest at a variable rate. The proceeds from these debt issuances were used to reduce the amounts outstanding on our revolving credit facility.

We spent approximately $40 million to repurchase our common stock, including the purchase of 2 million shares from our largest shareholder for $36 million in January 2002.

During the fourth quarter of 2002, we refinanced our revolving credit facility and extended its maturity from November 2003 to November 2005. On December 28, 2002, we had $53 million outstanding on this facility, which has a total availability of $200 million less amounts reserved for outstanding letters of credit totaling $17.9 million. Financial covenants on the facility and unsecured notes include a minimum net worth requirement, minimum interest coverage tests and a maximum leverage ratio. The agreements also restrict the amount of additional indebtedness we may incur and the amount of assets which may be sold. We were within all of our lending requirements on December 28, 2002.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

We are self-insured for environmental impairment liability through a wholly owned subsidiary, UFP Insurance Ltd., a licensed captive insurance company. We own and operate a number of facilities throughout the United States that chemically treat lumber products. In connection with the ownership and operation of these and other real properties, and the disposal or treatment of hazardous or toxic substances, we may, under various federal, state and local environmental laws, ordinances and regulations, be potentially liable for removal and remediation costs, as well as other potential costs, damages and expenses. Insurance reserves have been established to cover remediation activities at our Union City, GA; Stockertown, PA; Elizabeth City, NC; Auburndale, FL; and Schertz, TX wood preservation facilities. In August of 2002, we purchased property in Thornton, CA on which several old buildings existed. The environmental assessment indicated that these buildings contained small amounts of asbestos. A reserve has been established to cover the removal of the asbestos. Since we determined we will no longer operate the North East, MD facility as a wood preservation location, during the third quarter of 2002 we completed the process of closing the conditioning pad, in accordance with applicable regulations, and the reserve was reduced accordingly.

Including amounts from the captive insurance company, we have reserved amounts totaling approximately $1.9 million and $2.4 million on December 28, 2002 and December 29, 2001, respectively, representing the estimated costs to complete remediation efforts.

As part of its re-registration process and in response to allegations by certain environmental groups that CCA poses health risks, the EPA has been conducting a scientific review of CCA, a wood preservative we use to extend the useful life of wood fiber. On February 12, 2002, the EPA announced that the manufacturers of CCA preservative agreed to the re-registration

of CCA for certain industrial and commercial uses. The manufacturers agreed to voluntarily discontinue the registration of CCA for certain residential applications by December 31, 2003. All of our facilities are presently capable of using a new preservative to treat wood products.

In addition to the EPA review, an environmental group petitioned the Consumer Products Safety Commission ("CPSC") to ban the use of CCA treated wood in playsets. On February 7, 2003, the CPSC issued a staff report on its study of the risks of children playing on treated playsets. The study does not recommend removal of product, and proposes the CPSC take no further action until the EPA concludes its assessment. We have been assured by our vendors and by scientific studies that CCA treated lumber poses no unreasonable risks and its continued use should be permitted. The EPA, in its February 2002 press release concluded that there isn't any reason to remove or replace any CCA treated structures, including decks or playground equipment.

We have been requested by a customer to defend it from purported class action lawsuits filed against it in Florida and Louisiana. The complaints allege that CCA treated lumber is defective. As previously stated, our vendors believe and scientific studies support the fact that CCA treated lumber poses no unreasonable risks, and we intend to vigorously defend this position. While our customer has charged us for certain expenses incurred in the defense of these claims, we have not formally accepted liability of these costs. We, along with others in the industry, were previously named as a defendant in the purported class action lawsuit in Louisiana. We have been dismissed from this litigation.

In addition, various special interest environmental groups have petitioned certain states requesting restrictions on the use or disposal of CCA treated products. The wood preservation industry trade groups are working with the individual states and their regulatory agencies to provide an accurate, factual background which demonstrates that the present method of uses and disposal is scientifically supported.

On December 28, 2002, we were parties either as plaintiff or a defendant to a number of lawsuits and claims arising through the normal course of our business. In the opinion of management, our consolidated financial statements will not be materially affected by the outcome of these legal proceedings.

BASIS OF PRESENTATION

When considering year-over-year growth statistics, it is important to note that our fiscal years 2002 and 2001 were comprised of 52 weeks, compared to 53 weeks in 2000.

CRITICAL ACCOUNTING POLICIES

In preparing our consolidated financial statements, we follow accounting principles generally accepted in the United States. These principles require us to make certain estimates and apply judgments that affect our financial position and results of operations. We continually review our accounting policies and financial information disclosures. Following is a summary of our more significant accounting policies that require the use of estimates and judgments in preparing the financial statements.

ACCOUNTS RECEIVABLE ALLOWANCES

We base our allowances related to receivables on historical credit and collections experience, and the specific identification of other potential problems, including the economic climate. Actual collections can differ, requiring adjustments to the allowances.

SELF-INSURANCE RESERVES

We are significantly self-insured for general liability, automobile, workers' compensation and certain employee health benefits. We are fully self-insured for environmental liabilities. The general liability, automobile, workers' compensation and environmental liabilities are managed through a wholly-owned insurance captive; the related assets and liabilities are included in the consolidated financial statements at December 28, 2002. Our accounting policies with respect to the reserves are as follows:

- - General liability, automobile and workers' compensation reserves are accrued based on actuarial valuations of the expected future liabilities.

- - Health benefits are self-insured by us up to our pre-determined stop loss limits. These reserves, including incurred but not reported claims, are based on internal computations. These computations consider our historical claims experience, independent statistics and trends.

- - The environmental reserve is based on known remediation activities at certain wood preservation facilities and the potential for undetected environmental matters at other sites. The reserve for known activities is based on expected future costs and is computed by in-house experts responsible for managing our monitoring and remediation activities. The reserve for potential undetected environmental matters is actuarially determined. (See Environmental Considerations and Regulations.)

LONG-LIVED ASSETS AND GOODWILL

We evaluate long-lived assets for indicators of impairment when events or circumstances indicate that this risk may be present. Our judgments regarding the existence of impairment are based on market conditions, operational performance and estimated future cash flows. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded to adjust the asset to its fair value. In addition, we test goodwill for impairment by utilizing the discounted cash flow method, as well as comparing the results to other widely acceptable valuation methods.

FORWARD OUTLOOK

The following section contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on the beliefs and assumptions of management, together with information available to us when the statements were made. Future results could differ materially from those included in such forward-looking statements as a result of, among other things, the factors set forth in the "Risk Factors" section of this report and certain economic and business factors which may be beyond our control. Investors are cautioned that all forward-looking statements involve risks and uncertainty.

DIY/RETAIL MARKET

The Building Material Research Institute forecasts an increase in retail sales from home centers and building supply outlets totaling over 7% in 2003. In addition, the consolidation within the DIY/retail industry is expected to continue as top performers continue to obtain additional market share. We feel we are in a position to continue to capitalize on these industry conditions as a result of our national presence, service capabilities that meet stringent customer requirements, and diversified product offering. We believe the following factors will help us achieve our growth objectives in 2003:

- - We purchased a facility from Quality in November 2002 which produces Everx(R) composite decking.

- - We entered into an exclusive treating services agreement with Quality, allowing us to increase our sales of treated wood products in the Midwest.

- - We were awarded deck and fence installation business in several new regional markets.

Notwithstanding the information above, our long-term growth objectives may be impacted by the conversion to a new chemical used to preserve wood products. On February 12, 2002, the EPA announced that the registered manufacturers of CCA had agreed to voluntarily limit the future residential uses of CCA treated wood products by December 31, 2003. CCA treated products will still be permitted for a variety of industrial and non-residential applications. We will work closely with our customers in 2003 to achieve an orderly transition, however, if consumer demand for the new preservative is not as strong as the demand for the CCA treated products, it could have a significant adverse impact on our results of operations. (See Environmental Considerations and Regulations.)

SITE-BUILT CONSTRUCTION MARKET

As a result of higher unemployment levels and other economic factors, we expect the site-built construction market to be slightly "softer" than it was in 2002. However, we believe we will obtain additional market share in 2003 as a result of planned expansion into new geographic markets, a new truss manufacturing operation in Modesto, CA and a new venture to provide framing services for the multi-family construction market.

On a long-term basis, we believe the sale of engineered wood products will continue to grow because of the benefits these products provide builders over traditional carpentry methods employed on the job site, including cost advantages through more efficient labor, and consolidation toward large production-oriented builders, which tend to prefer the use of engineered products and who desire suppliers with a national presence.

We expect that business acquisitions will play a major role in our future growth in this market.

MANUFACTURED HOUSING MARKET

Manufactured Home Merchandiser, in its January 2003 edition, forecasted an increase in industry shipments to retailers of approximately 2% in 2003 reflecting a continuation of tight credit conditions, repossessions and weak economic factors. We believe we will maintain our current market share of trusses produced for HUD code homes and plan to continue efforts to gain share in the modular market.

INDUSTRIAL AND OTHER

One of our key strategic objectives is to increase our sales of wood packaging products to industrial users. We believe the vast amount of hardwood and softwood lumber consumed for industrial applications, combined with the highly fragmented nature of this market provides us with significant growth opportunities. To take advantage of these opportunities, we plan to continue to obtain market share through an internal growth strategy utilizing our current manufacturing capabilities and dedicated industrial sales force. On a long-term basis, we plan to evaluate strategic acquisition opportunities.

GROSS PROFIT

We believe the following factors may impact our gross profits in the future:

- - We have a long-term goal of continuing to increase our ratio of value-added sales to total sales, which in turn should increase gross margins. Our acquisition and internal sales growth strategies will help us continue to make progress toward this objective. However, achievement of this goal is dependent, in part, upon certain factors that are beyond our control. (See Impact of the Lumber Market on Our Operating Results.)

- - Our ability to increase sales and gross margins on products sold to our largest customers. We believe our level of service, geographic diversity and quality of products provide an added value to our customers. If our customers are unwilling to pay for the additional services, our sales and gross margins may be reduced.

- - The conversion to a new chemical to preserve wood products may impact our margins in the event consumer demand for the new preservatives is not as strong as the demand for CCA treated products. The new chemical is expected to increase the cost of our products by approximately 10-20%. (See Environmental Considerations and Regulations.)

- - We expect activity in the site-built construction market to be "softer" in 2003. This may cause pressure on pricing and gross margins in certain regions.

- - Fluctuations in the relative level of the Lumber Market and the trend in the market price of lumber impact our gross margins. (See Impact of the Lumber Market on Our Operating Results.)

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A costs have increased as a percentage of sales in recent years, in part, due to acquisitions of engineered wood product manufacturers which have extensive engineering and design costs. SG&A costs as a percentage of sales may continue to increase in the future as sales of engineered wood products and specialty wood packaging become a greater percentage of our total business. However, we strive to achieve economies of scale in other administrative departments as sales growth objectives are met.

LIQUIDITY AND CAPITAL RESOURCES

Management expects to spend approximately $42 million on capital expenditures in 2003 and incur depreciation and amortization of approximately $27 million. Besides "maintenance" capital expenditures totaling approximately $22 million, we plan to spend an additional $20 million to expand the business and create operating efficiencies.

We have no present intention to change our dividend policy, which is currently $0.045 per share paid semi-annually.

Our Board of Directors has approved a share repurchase program under which we have authorization to buy back approximately 1.7 million shares as of December 28, 2002.

We are obligated to pay amounts due on long-term debt totaling approximately $6.5 million in 2003.

We have a $200 million unsecured revolving credit facility used to support certain outstanding letters of credit and fund seasonal working capital requirements and growth. We believe our peak seasonal working capital requirements will consume an additional $80 million of this availability through June of 2003 and then decrease for the balance of the year in line with historical trends. We plan to finance our capital requirements by using this revolving credit facility.

REPORT OF INDEPENDENT AUDITORS

To The Shareholders and Board of Directors of Universal Forest Products, Inc.:

We have audited the accompanying consolidated balance sheet of Universal Forest Products, Inc. and subsidiaries as of December 28, 2002, and the related consolidated statements of earnings, shareholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The financial statements of Universal Forest Products, Inc. for the year ended December 29, 2001 were audited by other auditors who have ceased operations and whose report dated January 25, 2002 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Universal Forest Products, Inc. and subsidiaries at December 28, 2002, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

As discussed above, the financial statements of Universal Forest Products, Inc. as of December 29, 2001, and for the year then ended, were audited by other auditors who have ceased operations. As described in Note C, these financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards (Statement) No. 142, Goodwill and Other Intangible Assets, which was adopted by the Company as of December 30, 2001. Our audit procedures with respect to the adjusted net earnings and adjusted earnings-per-share as shown on the consolidated statement of earnings and as described in Note C with respect to 2001 included (a) agreeing the previously reported net income to the previously issued financial statements and the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in 2001 related to goodwill as a result of initially applying Statement No. 142 to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the reconciliation of adjusted net income to reported net income, and the related earnings-per-share amounts. In our opinion, the disclosures for 2001 as shown on the consolidated statement of earnings and described in Note C are appropriate. However, we were not engaged to audit, review or apply any procedures to the 2001 financial statements of the Company other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 financial statements taken as a whole.

As discussed in Note C to the consolidated financial statements, in 2002 the Company changed its method of accounting for goodwill and other intangible assets.

/s/ ERNST & YOUNG LLP
Grand Rapids, Michigan
January 24, 2003

The following report is a copy of a report previously issued by Arthur Andersen LLP in connection with the Company's Annual Report on Form 10-K for the year ended December 29, 2001. This opinion has not been reissued by Arthur Andersen LLP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of Universal Forest Products, Inc.:

We have audited the accompanying consolidated balance sheet of Universal Forest Products, Inc. (a Michigan Corporation) and subsidiaries as of December 29, 2001, and the related consolidated statements of earnings, shareholders' equity, and cash flows for the year ended December 29, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Universal Forest Products, Inc. and subsidiaries as of December 29, 2001 and the results of their operations and their cash flows for the year ended December 29, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP
Grand Rapids, Michigan
January 25, 2002

INDEPENDENT AUDITORS' REPORT

Board of Directors
Universal Forest Products, Inc.
Grand Rapids, Michigan

We have audited the consolidated balance sheet of Universal Forest Products, Inc. and subsidiaries as of December 30, 2000 and the related consolidated statements of earnings, shareholders' equity, and cash flows for the fiscal year ended December 30, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Universal Forest Products, Inc. and subsidiaries as of December 30, 2000 and the results of their operations and their cash flows for the fiscal year ended December 30, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
Grand Rapids, Michigan
January 29, 2001

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

DECEMBER 28, 2002	DECEMBER 29, 2001	NOTE
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,454	$ 22,887	
Restricted cash equivalents	1,383		
Accounts receivable (net of allowances of $2,427 and $1,803)	105,217	86,256	
Inventories:			
Raw materials	83,557	41,061	
Finished goods	82,449	79,708	
	166,006	120,769	
Other current assets	2,041	2,546	
Prepaid income taxes	5,075	1,629	
Deferred income taxes	921	879	M
TOTAL CURRENT ASSETS	294,097	234,966	
OTHER ASSETS	6,738	11,585	F, K
GOODWILL	126,299	119,550	B, C
NON-COMPETE AND LICENSING AGREEMENTS (net of accumulated amortization of $2,463 and $3,644)	4,516	3,446	B, C
PROPERTY, PLANT AND EQUIPMENT:			
Land and improvements	47,102	41,188	E
Buildings and improvements	113,316	103,233	E
Machinery, equipment and office furniture	157,004	139,704	E
Construction in progress	11,077	2,758	
	328,499	286,883	
Less accumulated depreciation and amortization	(125,355)	(105,221)	E
PROPERTY, PLANT AND EQUIPMENT, NET	203,144	181,662	
TOTAL ASSETS	$ 634,794	$ 551,209	
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term debt	$ 1,758	$ 1,402	D
Accounts payable	57,515	46,862	
Accrued liabilities:			
Compensation and benefits	36,610	34,029	L
Other	6,463	8,187	
Current portion of long-term debt and capital lease obligations	6,495	20,415	D, E
TOTAL CURRENT LIABILITIES	108,841	110,895	
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	235,319	154,370	D, E
DEFERRED INCOME TAXES	13,328	9,580	M
OTHER LIABILITIES	14,306	9,502	F, N
TOTAL LIABILITIES	371,794	284,347	
TEMPORARY SHAREHOLDERS' EQUITY: Value of shares subject to redemption agreement; 2,000,000 shares issued and outstanding	36,000		G
SHAREHOLDERS' EQUITY: Preferred stock, no par value; shares authorized 1,000,000; issued and outstanding, none			
Common stock, no par value; shares authorized 40,000,000; issued and outstanding, 17,741,982 and 17,787,860	17,742	17,788	G, H, I, J
Additional paid-in capital	82,139	80,994	G, H, J
Retained earnings	164,221	132,677	
Accumulated other comprehensive earnings	299	558	
	264,401	232,017	
Officers' stock notes receivable	(1,401)	(1,155)	J
TOTAL SHAREHOLDERS' EQUITY	263,000	230,862	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 634,794	$ 551,209	

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)

YEAR ENDED			
	DECEMBER 28, 2002	DECEMBER 29, 2001	DECEMBER 30, 2000
NET SALES	$1,639,899	$1,530,353	$1,387,130
COST OF GOODS SOLD	1,409,489	1,318,874	1,200,117
GROSS PROFIT	230,410	211,479	187,013
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	145,722	124,391	
EARNINGS FROM OPERATIONS	65,757	62,622	
INTEREST, NET:			
Interest expense	11,375	12,043	12,804
Interest income	(586)	(557)	
Gain on sale of assets	(1,082)		
	9,996	11,457	12,247
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	62,115	54,300	50,375
INCOME TAXES	22,983	19,612	19,218
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE	39,132	34,688	31,157
MINORITY INTEREST	(2,495)	(1,792)	(750)
EQUITY IN EARNINGS OF INVESTEE	246	31	
REPORTED NET EARNINGS	36,637	33,142	30,438
ADD: Goodwill amortization, net of tax	2,997	2,452	
ADJUSTED NET EARNINGS	$ 36,637	$ 36,139	$ 32,890
REPORTED EARNINGS PER SHARE -- BASIC	$ 2.04	$ 1.68	$ 1.52
ADD: Goodwill amortization, net of tax	0.15	0.12	
ADJUSTED EARNINGS PER SHARE -- BASIC	$ 2.04	$ 1.83	$ 1.64
REPORTED EARNINGS PER SHARE -- DILUTED	$ 1.97	$ 1.63	$ 1.49
ADD: Goodwill amortization, net of tax	0.15	0.12	
ADJUSTED EARNINGS PER SHARE -- DILUTED	$ 1.97	$ 1.77	$ 1.61
WEIGHTED AVERAGE SHARES OUTSTANDING	17,922	19,774	20,086
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,619	20,377	20,477

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except share and per share data)

	ACCUMULATED OTHER COMPREHENSIVE CAPITAL	ADDITIONAL PAID-IN STOCK	RETAINED EARNINGS	OFFICERS' STOCK NOTES RECEIVABLE	COMMON STOCK EARNINGS	TOTAL
BALANCE AT DECEMBER 25, 1999	$20,212	$78,625	$115,327	$1,033	$ (635)	$214,562
Comprehensive earnings:						
Net earnings			30,438			30,438
Foreign currency translation adjustment	(173)					(173)
Total comprehensive earnings						30,265
Cash dividends -- $.080 per share			(1,605)			(1,605)
Issuance of 79,664 shares under employee stock plans		80		400		480
Issuance of 2,100 shares under stock grant programs		2		30		32
Repurchase of 635,411 shares					(635)	(635)
			(7,515)			(7,515)
Tax benefits from non-qualified stock options exercised		5				5
				(8,150)		(8,150)
Issuance of officers' stock notes receivable		60		740		800
Payments received on officers' stock notes receivable					180	180
BALANCE AT DECEMBER 30, 2000	$19,719	$79,800	$136,645	$ 860	$(1,255)	$235,769
Comprehensive earnings:						
Net earnings			33,142			33,142
Foreign currency translation adjustment	(302)					(302)
Total comprehensive earnings						32,840
Cash dividends -- $.085 per share			(1,683)			(1,683)
Issuance of 164,764 shares under employee stock plans		165		705		870
Issuance of 13,464 shares under stock grant programs		13		173		186
Repurchase of 109,482 shares					(109)	(109)
					(1,427)	(1,427)
Tax benefits from non-qualified stock options exercised		316				316
					316	316
Transfer to temporary equity					(2,000)	(2,000)
					(34,000)	(34,000)
Payments received on officers' stock notes receivable				100		100
BALANCE AT DECEMBER 29, 2001	$17,788	$80,994	$132,677	$ 558	$(1,155)	$230,862
Comprehensive earnings:						
Net earnings			36,637			36,637
Foreign currency translation adjustment	(259)					(259)
Total comprehensive earnings						36,378
Cash dividends -- $.090 per share			(1,605)			(1,605)
Issuance of 133,125 shares under employee stock plans		133		710		843
Issuance of 7,877 shares under stock grant programs		8		125		133
Repurchase of 199,435						

shares..... (199) (3,488) (3,687) Tax benefits from non-qualified stock options exercised..... 22 22 Issuance of officers' stock notes receivable..... 12 288 (300) 0 Payments received on officers' stock notes receivable..... 54 54 ------- ------- -------- ------ ------- -------- BALANCE AT DECEMBER 28, 2002..... $17,742 $82,139 $164,221 $ 299 $(1,401) $263,000 ======= ======= ======== ====== ======= ========

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

YEAR ENDED					
	DECEMBER 28, 2002	DECEMBER 29, 2001	DECEMBER 30, 2000	NOTE	
CASH FLOWS FROM OPERATING ACTIVITIES: Net earnings	$ 36,637	$ 33,142	$ 30,438		
Adjustments to reconcile net earnings to net cash from operating activities:					
Depreciation	23,474	20,101	17,659		
Amortization of intangibles	4,375	3,803		B, C	1,165
Deferred income taxes	3,102	4,587		M	237
Net loss on sale or impairment of property, plant and equipment	702	1,445	422		
Changes in: Accounts receivable	(16,489)	(11,753)	14,134		
Inventories	(40,780)	10,051	13,001		
Accounts payable	9,638	9,891	(12,099)		
Accrued liabilities and other	(820)	6,217	(590)		
NET CASH FROM OPERATING ACTIVITIES	16,629	78,056	67,005		
CASH FLOWS FROM INVESTING ACTIVITIES: Purchase of property, plant and equipment	(31,351)	(22,748)	(29,436)		
Purchase of licensing agreements		(2,000)			
Acquisitions, net of cash received			(17,540)	B	(49,534)
	(32,557)				
Proceeds from sale of property, plant and equipment	2,862	2,497	1,040		
Advances on notes receivable	(886)	(500)			
Collection of notes receivable	961	945	432		
Restricted cash equivalents	(1,383)	1,364	(1,364)		
Purchases of other assets	(321)	(132)	(306)		
NET CASH FROM INVESTING ACTIVITIES	(48,772)	(68,494)	(62,691)		
CASH FLOWS FROM FINANCING ACTIVITIES: Net borrowings of short-term debt and revolving credit facilities					
Proceeds from issuance of long-term debt	14,286	23,129	4,090	D	
	58,700	2,500	7,045	D	
Repayment of long-term debt	(8,482)	(10,697)	(7,888)	D	
Proceeds from issuance of common stock	843	870	480	H, I	
Distributions to minority shareholder	(1,345)	(1,650)			
Dividends paid to shareholders	(1,605)	(1,683)	(1,605)		
Repurchase of common stock	(39,687)	(1,536)	(8,150)	H	
NET CASH FROM FINANCING ACTIVITIES	22,710	10,933	(6,028)		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,433)	20,495	(1,714)		
CASH AND CASH EQUIVALENTS,BEGINNING OF YEAR	22,887	2,392	4,106		
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,454	$ 22,887	$ 2,392		
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION: Cash paid during the year for:					
Interest	$ 11,388	$ 12,303	$ 12,721		
Income taxes	22,827	14,911	17,369	M	
NON-CASH INVESTING ACTIVITIES: Property, plant and equipment acquired through capital leases	247	220		E	
Officers' stock notes receivable	300	800		J	
NON-CASH FINANCING ACTIVITIES: Note payable exchanged for non-compete	2,069			B	
Accounts receivable exchanged for a note receivable	441				

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

We engineer, manufacture, treat, distribute and install lumber, composite, plastic and other building products for the do-it-yourself/retail ("DIY/retail"), site-built construction, manufactured housing, industrial and other markets. Our principal products include preservative-treated wood, remanufactured lumber, lattice, fence panels, deck components, specialty packaging, engineered trusses, wall panels, I-joists and other building products.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include our accounts and those of our wholly-owned and majority-owned subsidiaries and partnerships. All significant intercompany transactions and balances have been eliminated. The equity method of accounting is used for less than 50% owned affiliates.

INVESTMENT IN AFFILIATE

On December 18, 1998, one of our subsidiaries acquired a 45% interest in Pino Exporta, renamed to Pinelli Universal S. de R.L. de C.V. ("Pinelli"), a manufacturer of moldings and millwork products. Pinelli operates out of one facility in Durango, Durango, Mexico. We exchanged $3.0 million for our initial ownership interest of Pinelli, and accounted for our investment utilizing the equity method of accounting. In addition, we retained an option to acquire an additional 5% interest in Pinelli for $1 million. This option was extended and exercised on January 15, 2002. As a result of this transaction, we obtained additional rights of control and thus began consolidating the results of Pinelli in the 2002 consolidated financial statements. (See Note B.)

MINORITY INTEREST IN SUBSIDIARIES

Minority interest in results of operations of consolidated subsidiaries represents the minority shareholders' share of the income or loss of various consolidated subsidiaries. The minority interest included in "Other Liabilities" reflects the original investment by these minority shareholders combined with their proportional share of the earnings or losses of these subsidiaries, net of dividends paid.

FISCAL YEAR

Our fiscal year is a 52 or 53 week period, ending on the last Saturday of December. Unless otherwise stated, references to 2002, 2001 and 2000 relate to the fiscal years ended December 28, 2002, December 29, 2001 and December 30, 2000, respectively. Fiscal years 2002 and 2001 were comprised of 52 weeks, and fiscal year 2000 was comprised of 53 weeks.

FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments have been determined in accordance with Statement of Financial Accounting Standards ("SFAS") No. 107, Disclosures about Fair Value of Financial Instruments. Significant differences in fair market values and recorded values are disclosed in Note D. The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that we could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The fair value estimates presented herein are based on pertinent information available to management as of December 28, 2002. Although we are not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and highly-liquid investments purchased with an original maturity of three months or less.

As a result of our cash management system, checks issued but not presented to our bank for payment creates negative cash balances. These negative balances are included in trade accounts payable and totaled $23.9 million and $18.8 million as of December 28, 2002 and December 29, 2001, respectively.

RESTRICTED CASH EQUIVALENTS

Unexpended proceeds from certain borrowings, that are restricted as to use, have been excluded from cash and cash equivalents. This cash is restricted for future capital projects financed with industrial development revenue bonds.

ACCOUNTS RECEIVABLE

We perform periodic credit evaluations of our customers and generally do not require collateral. Accounts receivable are generally due within 30 days.

INVENTORIES

Inventories are stated at the lower of average cost or market. The cost of inventories includes raw materials, direct labor and manufacturing overhead. Cost is determined on a first-in, first-out (FIFO) basis. Raw materials consist primarily of unfinished wood products expected to be manufactured or treated prior to sale, while finished goods represent various manufactured and treated wood products ready for sale.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Expenditures for renewals and betterments are capitalized, and maintenance and repairs are expensed as incurred. Amortization of assets held under capital leases is included in depreciation and amortized over the shorter of the estimated useful life of the asset or the lease term. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	15 to 31.5 years
Land improvements	5 to 15 years
Machinery, equipment and office furniture	3 to 8 years

FOREIGN CURRENCY TRANSLATION

Our foreign operations use the local currency as their functional currency. Accordingly, assets and liabilities are translated at exchange rates as of the balance sheet date and revenues and expenses are translated using weighted average rates, with translation adjustments included as a separate component of shareholders' equity.

SELF-INSURANCE RESERVES

We are significantly self-insured for general liability, automobile, workers' compensation, and certain employee health benefits. We are fully self-insured for environmental liabilities. The general liability, automobile, workers' compensation and environmental liabilities are managed through a wholly-owned insurance captive; the related assets and liabilities are included in the consolidated financial statements at December 28, 2002. Our policy is to accrue amounts equal to actuarially determined or internally computed liabilities. The actuarial and internal valuations are based on historical information along with certain assumptions about future events. Changes in assumptions for such matters as legal actions, medical costs and changes in claims experience could cause these estimates to change in the future.

INCOME TAXES

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future. Such deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE ALLOWANCES

Revenue is recognized at the time the product is shipped to the customer. Generally, title passes at the time of shipment. In certain circumstances, the customer takes title when the shipment arrives at the destination. However, our shipping process is typically completed the same day.

We base our allowances related to receivables on historical credit and collections experience, and the specific identification of other potential problems, including the economic climate. Actual collections can differ, requiring adjustments to the allowances. Individual accounts receivable balances are evaluated on a monthly basis, and those balances considered to be uncollectible are charged to the allowance. Collections of amounts previously written off are recorded as an increase to the allowance. Bad debt expense amounted to approximately $2.4 million, $1.4 million and $1.5 million, for 2002, 2001 and 2000, respectively.

CUSTOMER REBATES

In 2001, the Emerging Issues Task Force ("EITF") released its consensus on Issue No. 00-22, Accounting for Points and Certain Other Time-Based or Volume-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future ("EITF 00-22"). This consensus provides guidance on the classification of expenses related to customer rebate and refund obligations. We adopted EITF 00-22 effective with the first quarter 2001 and have reclassified prior periods to include customer rebates as a component of net sales.

SHIPPING AND HANDLING OF PRODUCT

Shipping and handling costs that are charged to and reimbursed by the customer are recognized as revenue. Costs incurred related to the shipment and handling of products are classified in cost of goods sold.

EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated based on the weighted average number of common shares outstanding during the periods presented. Diluted EPS is calculated based on the weighted average number of common and common equivalent shares outstanding during the periods presented, giving effect to stock options granted (see Note I) utilizing the "treasury stock" method.

A reconciliation of the changes in the numerator and the denominator from the calculation of basic EPS to the calculation of diluted EPS follows (in thousands, except per share data):

2002 2001 2000 ------------
-------------- ------------
-------------- ------------
-------------- INCOME
SHARES PER INCOME SHARES
PER INCOME SHARES PER (NUM-
(DENOM- SHARE (NUM- (DENOM-
SHARE (NUM- (DENOM- SHARE
ERATOR) INATOR) AMOUNT
ERATOR) INATOR) AMOUNT
ERATOR) INATOR) AMOUNT ----

NET
EARNINGS.....
$36,637 $33,142 $30,438 EPS
-- BASIC Income available
to common
stockholders.....
36,637 17,922 $2.04 33,142
19,774 $1.68 30,438 20,086
$1.52 ===== ===== =====
EFFECT OF DILUTIVE
SECURITIES
Options.....
697 603 391 ------ ------ -
----- EPS -- DILUTED Income
available to common
stockholders and assumed
options exercised.....
$36,637 18,619 $1.97
$33,142 20,377 $1.63
$30,438 20,477 $1.49
======= ====== =====
======= ====== =====
======= ====== =====

Options to purchase 749,771 shares of common stock at exercise prices ranging from $21.84 to $36.01 were outstanding at December 28, 2002, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common stock during the period and, therefore, would be antidilutive.

Options to purchase 399,548 shares of common stock at exercise prices ranging from $19.75 to $36.01 were outstanding at December 29, 2001, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common stock during the period and, therefore, would be antidilutive.

Options to purchase 633,160 shares of common stock at exercise prices ranging from $13.18 to $36.01 were outstanding at December 30, 2000, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common stock during the period and, therefore, would be antidilutive.

LONG-LIVED ASSETS

Prior to December 30, 2001, we evaluated the recoverability of our long-lived assets by determining whether unamortized balances could be recovered through undiscounted future operating cash flows over the remaining lives of the assets in accordance with the provisions of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of ("SFAS 121"). If the sum of the expected future cash flows was less than the carrying value of the assets, an impairment loss was recognized for the excess of the carrying value over the fair value. The estimated fair value was determined by discounting the expected future cash flows at a rate that would have been required for a similar investment with like risks.

Effective December 30, 2001 (the first day of our fiscal year ending December 28, 2002), we adopted SFAS No. 144, Accounting for the Impairment and Disposal of Long-Lived Assets ("SFAS 144"). SFAS 144 supercedes SFAS 121, and the accounting and reporting provisions of the Accounting Principles Board ("APB") Opinion No. 30, Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. SFAS 144 retains the provisions of SFAS 121 for recognition and measurement of impairment of long-lived assets to be held and used, and measurement of long-lived assets to be disposed of by sale. Discontinued operations are no longer measured on a net realizable value basis, and future operating losses are no longer recognized before they occur. The impact of adopting this standard has not been significant to our consolidated financial statements.

STOCK-BASED COMPENSATION

As permitted under SFAS No. 123, Accounting for Stock-Based Compensation, ("SFAS 123"), we continue to apply the provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees, which recognizes compensation expense under the intrinsic value method. Had compensation cost for the stock options granted and stock purchased in 2002, 2001 and 2000 been determined under the fair value based method defined in SFAS 123, our net earnings and earnings per share would have been reduced to the following pro forma amounts (in thousands, except per share data):

	2002	2001	2000
Net Earnings: As Reported	$36,637	$33,142	$30,438
Deduct: Compensation expense - - fair value method	(1,367)	(1,371)	(648)
Pro Forma	$35,270	$31,771	$29,790
EPS -- Basic: As Reported	$ 2.04	$ 1.68	$ 1.52
Pro Forma	$ 1.97	$ 1.61	$ 1.48
EPS -- Diluted: As Reported	$ 1.97	$ 1.63	$ 1.49
Pro Forma	$ 1.92	$ 1.56	$ 1.45

The fair value of each option granted in 2002, 2001 and 2000 is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

	2002	2001	2000
Risk Free Interest Rate	4.6%	4.6%	6.2%
Expected Life	5.0 years	4.5 years	6.1 years
Expected Volatility	27.52%	26.62%	27.09%
Expected Dividend Yield	0.40%	0.40%	0.40%

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. We believe our estimates to be reasonable; however, actual results could differ from these estimates.

RECLASSIFICATIONS

Certain reclassifications have been made in the 2001 and 2000 consolidated financial statements to conform to the classifications used in 2002.

RECENTLY ISSUED ACCOUNTING STANDARDS

In July 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities ("SFAS 146"). SFAS 146 addresses the timing of recognition and the related measurement of the costs associated with an exit or disposal activity that does not involve a discontinued operation. SFAS 146 requires that such costs that do not involve a discontinued operation should be included in income from continuing operations before income taxes in the income statement. Costs associated with an exit or disposal activity that involves a discontinued operation shall be included in the results of discontinued operations. SFAS 146 is effective for exit activities initiated after December 31, 2002.

In November 2002, the FASB issued Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others ("FIN 45"). FIN 45 changes current practice in accounting for, and disclosure of, guarantees. FIN 45 will require certain guarantees to be recorded at fair value on our balance sheet, which is a change from current practice, which is generally to record a liability only when a loss is probable and reasonably estimable, as those terms are defined in SFAS No. 5, Accounting for Contingencies. FIN 45 also requires a guarantor to make significant new disclosures, even when the likelihood of making any payments under the guarantee is remote, which is another change from current practice. The disclosure requirements of FIN 45 are effective immediately and are included in Note N to the consolidated financial statements. The initial recognition and initial measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002.

B. BUSINESS COMBINATIONS

Each of the following business combinations have been accounted for as a purchase. Accordingly, in each instance, the purchase price was allocated to the assets acquired, liabilities assumed and identifiable intangible assets as applicable based on their fair market values at the date of acquisition. Any excess of the purchase price over the fair value of the acquired assets, including identifiable intangible assets, and assumed liabilities was recorded as goodwill in each transaction. For business combinations prior to June 30, 2001, we amortized goodwill on a straight-line basis over periods ranging from 20 to 40 years. Non-compete and licensing agreements are amortized on a straight-line basis over the term of the agreements. In July 2001, the FASB issued SFAS No. 141, Business Combinations ("SFAS 141"). SFAS 141 supercedes APB No. 16, Business Combinations, and requires that all business combinations be accounted for using the purchase method and further clarifies the criteria to recognize intangible assets separately from goodwill. The results of operations of each acquisition is included in our consolidated financial statements since the date it was acquired.

On November 4, 2002, one of our subsidiaries acquired a facility from Quality Wood Treating Co., Inc. ("Quality") in Prairie du Chien, WI, which produces Everx(R) composite decking. The total purchase price for the real estate, equipment, inventory, and intangible assets was approximately $14.7 million. Quality had composite decking net sales in fiscal 2001 totaling approximately $2 million. The purchase price allocation for this acquisition is preliminary and will be revised as final estimates of intangible asset values are made in accordance with SFAS 141.

In addition, we entered into a treating services agreement with Quality. Under the terms of this agreement, we purchased substantially all of the inventory of Quality for approximately $7.5 million, Quality agreed to provide exclusive treating services to us for a five year term, and we have agreed to monthly and annual minimum volumes.

On September 9, 2002, one of our subsidiaries acquired certain assets of J.S. Building Products, Inc., a site-built component manufacturer in Modesto, CA. The total purchase price for the assets was approximately $2.2 million. On

October 22, 2002, we purchased the real property from J.S. Building Products, Inc. where the operation is located. The total purchase price was $1.9 million. J.S. Building Products, Inc. had net sales of approximately $5 million in 2001. The purchase price allocation for this acquisition is preliminary and will be revised as final estimates of intangible asset values are made in accordance with SFAS 141.

On April 10, 2002, one of our subsidiaries acquired certain assets and entered into an exclusive licensing agreement with Inno-Tech Plastics, Inc. ("Inno-Tech"), which operates one facility in Springfield, IL. The total purchase price for these assets was approximately $4.1 million, allocating $2.1 million to net assets acquired and $2.0 million to a licensing agreement. Inno-Tech had net sales in fiscal 2001 totaling approximately $1.3 million.

On January 15, 2002, one of our subsidiaries acquired an additional 5% interest in Pinelli, increasing our ownership to 50%. The purchase price for the additional 5% was approximately $0.9 million, allocating $0.3 million to net assets acquired and $0.6 million to goodwill. As a result of this transaction, we obtained additional rights of control and thus began consolidating the results of Pinelli in the 2002 consolidated financial statements. In 2001, Pinelli had net sales of $31 million and net earnings of $0.6 million. In 2001 and 2000, we accounted for Pinelli under the equity method.

On October 15, 2001, one of our subsidiaries acquired the assets of P&R Truss Company, Inc. and the stock of P&R Truss-Sidney, Inc. (collectively "P&R"). P&R has plants in Auburn, Chaffee, Hudson and Sidney, NY. The total purchase price was approximately $21.0 million, allocating $10.4 million to net assets acquired, $0.7 million to non-compete agreements, and the remaining $9.9 million to goodwill. P&R had net sales in fiscal 2000 totaling approximately $23 million.

On June 1, 2001, three of our subsidiaries acquired certain assets of the Superior Truss Division of Banks Corporation ("Superior"). The assets include operations in Syracuse, IN and Minneota, MN. The total purchase price for the assets was approximately $11.0 million. Superior had net sales in fiscal 2000 totaling approximately $20 million.

On April 3, 2001, several of our subsidiaries acquired certain assets of the Sunbelt Wood Component Division ("Sunbelt") of Kevco, Inc. The assets included operations in New London, NC; Haleyville, AL; Ashburn, GA; and Glendale, AZ. The total purchase price for the assets was approximately $7.8 million. Sunbelt had net sales in fiscal 2000 totaling approximately $63 million.

On March 2, 2001, one of our subsidiaries acquired the remaining 50% of the stock of ECJW Holdings. The purchase price for this remaining 50% was approximately $3.5 million, allocating $1.1 million to net assets acquired and $2.4 million to goodwill.

On February 28, 2001, one of our subsidiaries acquired 50% of the assets of D&R Framing Contractors ("D&R") of Englewood, CO for approximately $7.6 million. D&R had net sales in fiscal 2000 totaling approximately $44 million.

The acquisitions in 2002 were not significant to the operating results individually nor in the aggregate, and thus pro forma results are not presented. The following unaudited pro forma consolidated results of operations for the year ended December 29, 2001 assumes the acquisitions of P&R, Superior and D&R occurred as of the beginning of the periods presented (in thousands, except per share data).

YEAR ENDED DECEMBER 29, 2001	
Net sales	$1,559,756
Net earnings	$ 34,739
Earnings per share:	
Basic	$ 1.76
Diluted	$ 1.70
Weighted average shares outstanding:	
Basic	19,774
Diluted	20,377

The pro forma results above include certain adjustments to give effect to amortization of goodwill, interest expense, compensation of management, certain other adjustments and related income tax effects. The pro forma results are not necessarily indicative of the operating results that would have occurred had the acquisitions been completed as of the beginning of the period presented, nor are they necessarily indicative of future operating results. Pro forma results are not

presented for Sunbelt. We purchased certain assets of this operation out of Chapter 11 bankruptcy. As a result of substantial changes in the operations and customer base, pro forma results are not meaningful.

C. GOODWILL AND OTHER INTANGIBLE ASSETS

Effective December 30, 2001, we adopted SFAS No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). This statement changed the accounting and reporting for goodwill and other intangible assets. Goodwill is no longer amortized; however, tests for impairment are performed annually and if a triggering event occurs. The effect of applying the non-amortization provisions of SFAS 142 in 2001 and 2000 are shown separately on the accompanying consolidated statement of earnings. We tested for transition as well as annual impairment by utilizing the discounted cash flow method, as well as comparing the results to other widely acceptable valuation methods, none of which resulted in impairment of goodwill.

On December 28, 2002, non-compete assets totaled $4.7 million with accumulated amortization totaling $2.1 million, and licensing agreements totaled $2.3 million with accumulated amortization of $0.4 million.

Amortization expense for intangibles totaled $1.2 million for the year ended December 28, 2002. The estimated amortization expense for intangibles for each of the five succeeding fiscal years is as follows (in thousands):

2003	$997
2004	997
2005	997
2006	928
2007	415
Thereafter	182

The changes in the net carrying amount of goodwill for the year ended December 28, 2002 are as follows (in thousands):

Balance as of December 29, 2001	$119,550
Goodwill acquired	6,386
Foreign currency translation effects and other, net	363
Balances as of December 28, 2002	$126,299

D. DEBT

On December 18, 2002, we completed a $55 million private placement of senior unsecured notes payable. The notes have an average life of over nine years and an average interest rate of 6.0%.

On November 25, 2002, we completed a three-year, $200 million unsecured revolving credit facility, which includes amounts reserved for letters of credit. This facility replaced our $175 million and $20 million Canadian facilities. Borrowings under the revolver are charged interest at a rate of 125 basis points over the applicable Eurodollar rate. The average borrowing rate on these facilities in 2002 was 2.3%. The amount outstanding on the revolving credit facility is included in the long-term debt summary below.

On November 30, 2000, we completed an unsecured revolving credit facility totaling $20 million Canadian. Borrowings under the revolver were charged interest at a rate of 75 basis points over the bankers acceptance rate in 2001. The amount outstanding under the facility is included in the long-term debt summary below.

On November 13, 1998, we completed a five-year, $175 million unsecured revolving credit facility which includes amounts reserved for letters of credit. Borrowings under the revolver were charged interest at a rate of 50 basis points over the applicable Eurodollar rate. The average borrowing rates on this facility in 2001 and 2000 were 4.7% and 7.1%, respectively. The amount outstanding under the revolving credit facility is included in the long-term debt summary below.

Outstanding letters of credit extended on our behalf aggregated $31.1 million on December 28, 2002, which includes approximately $18.3 million related to industrial development revenue bonds.

Long-term debt and capital lease obligations are summarized as follows on December 28, 2002 and December 29, 2001 (amounts in thousands):

2002	2001
1994 Senior unsecured notes, $5,714,000 due annually commencing May 1998 through May 2004, interest due semi-annually at 7.15%	$ 11,429	$ 17,143
Series 1998-A Senior Notes Tranche A, due on December 21, 2005, interest payable semi-annually at 6.69%	21,500	21,500
Series 1998-A Senior Notes Tranche B, due on December 21, 2008, interest payable semi-annually at 6.98%	59,500	59,500
Series 1998-A Senior Notes Tranche C, due on December 21, 2008, interest payable semi-annually at 6.98%	19,000	19,000
Series 2002-A Senior Notes Tranche A, due on December 18, 2009, interest payable semi-annually at 5.63%	15,000	
Series 2002-A Senior Notes Tranche B, due on December 18, 2012, interest payable semi-annually at 6.16%	40,000	
Revolving credit facility totaling $200 million due on November 25, 2005, interest due monthly at a floating rate (2.01% on December 28, 2002)	53,383	
Revolving credit facility totaling $175 million	26,883	
Revolving credit facility totaling $20 million Canadian	11,974	
Series 1998 Industrial Development Revenue Bonds, due on December 1, 2018, interest payable monthly at a floating rate (1.88% on December 28, 2002)	1,300	1,300
Series 1999 Industrial Development Revenue Bonds, due on July 1, 2029, interest payable monthly at a floating rate (1.79% on December 28, 2002)	2,400	2,400
Series 1999 Industrial Development Revenue Bonds, due on August 1, 2029, interest payable monthly at a floating rate (1.65% on December 28, 2002)	3,300	3,300
Series 2000 Industrial Development Revenue Bonds, due on October 1, 2020, interest payable monthly at a floating rate (1.78% on December 28, 2002)	2,700	2,700
Series 2000 Industrial Development Revenue Bonds, due on November 1, 2020, interest payable monthly at a floating rate (1.79% on December 28, 2002)	2,400	2,400
Series 2001 Industrial Development Revenue Bonds, due on November 1, 2021, interest payable monthly at a floating rate (1.75% on December 28, 2002)	2,500	2,500
Series 2002 Industrial Development Revenue Bonds, due on December 1, 2022, interest payable monthly at a floating rate (1.72% on December 28, 2002)	3,700	
Capital lease obligations, interest imputed at rates ranging from 7.25% to 8.00%	226	2,581
Other	3,476	1,604
	241,814	174,785
Less current portion	6,495	20,415
Long-term portion	$235,319	$154,370

Financial covenants on the unsecured revolving credit facility and unsecured notes include a minimum net worth requirement, minimum interest coverage tests and a maximum leverage ratio. The agreements also restrict the amount of additional indebtedness we may incur and the amount of assets which may be sold. We were within all of our lending requirements on December 28, 2002.

On December 28, 2002, the principal maturities of long-term debt and capital lease obligations are as follows (in thousands):

2003	$ 6,495
2004	6,225
2005	75,362
2006	477
2007	430
Thereafter	152,825
	$241,814

On December 28, 2002, the estimated fair value of our long-term debt, including the current portion, was $248.5 million, which was $6.7 million greater than the carrying value. The estimated fair value is based on rates anticipated to be available to us for debt with similar terms and maturities. The estimated fair value of short-term debt included in current liabilities approximated the carrying value. This short-term debt is an operating line of credit held by one of our subsidiaries, which bears interest at the bank's prime lending rate plus 150 basis points (6.00% at December 28, 2002), and is collateralized by our subsidiaries' inventory and accounts receivable.

E. LEASES

Leased property included in the balance sheet on December 28, 2002 and December 29, 2001 is as follows (in thousands):

2002	2001	
Land and improvements	$ 19	$ 19
Buildings and improvements	161	161
Machinery and equipment	392	3,335
	572	3,515
Less accumulated amortization	(168)	(559)
	$ 404	$2,956

We lease certain real estate under operating lease agreements with original terms ranging from one to ten years. We are required to pay real estate taxes and other occupancy costs under these leases. Certain leases carry renewal options of five to fifteen years. We also lease motor vehicles and equipment under operating lease agreements for periods of one to ten years. Future minimum payments under non-cancellable leases on December 28, 2002 are as follows (in thousands):

	CAPITAL LEASES	OPERATING LEASES	TOTAL
2003	$ 85	$ 8,982	$ 9,067
2004	56	6,747	6,803
2005	59	4,677	4,736
2006	58	2,499	2,557
2007		757	757
Subsequent			
	94	94	
Total minimum lease payments	258	$23,756	$24,014
Less imputed interest	(32)		
Present value of minimum lease payments	$226		

Rent expense was approximately $12.7 million, $11.2 million and $9.2 million in 2002, 2001 and 2000, respectively.

F. DEFERRED COMPENSATION

We have a program whereby certain executives irrevocably elected to defer receipt of certain compensation in 1985 through 1988. Deferred compensation payments to these executives will commence upon their retirement. We purchased life insurance on such executives, payable to us in amounts which, if assumptions made as to mortality experience, policy dividends and other factors are realized, will accumulate cash values adequate to reimburse us for all payments for insurance and deferred compensation obligations. In the event cash values are not sufficient to fund such obligations, the program allows us to reduce benefit payments to such amounts as may be funded by accumulated cash values. The deferred compensation liabilities and related cash surrender value of life insurance policies are included in "Other Liabilities" and "Other Assets," respectively.

We also maintain a non-qualified deferred compensation plan (the "Plan") for the benefit of senior management employees who may elect to defer a portion of their annual bonus payments. The Plan provides investment options similar to our 401(k) plan, including our stock. Investments in shares of our stock are made on a "phantom stock" basis, and may only be distributed in kind. Assets held by the Plan totaled approximately $1.9 million on December 28, 2002 and December 29, 2001, and are included in "Other Assets." Related liabilities totaled $3.4 million and $3.1 million on December 28, 2002 and December 29, 2001, respectively, and are included in "Other Liabilities." The assets are recorded at fair market value. The related liabilities are recorded at fair market value, with the exception of the phantom stock which is recorded at the market value on the date of deferral.

G. STOCK REDEMPTION AGREEMENT

During 2001, we entered into an agreement with our largest shareholder for the future redemption of 2 million shares of our outstanding stock at a price of $18 per share. The cost of the redemption was funded by our revolving credit facilities.

The shares subject to the agreement were classified on the balance sheet under temporary equity. On December 29, 2001, the shares subject to redemption were considered outstanding for the purpose of determining weighted average shares outstanding.

The redemption was completed on January 15, 2002.

H. COMMON STOCK

On June 1, 1993, shareholders approved the Incentive Stock Option Plan (the "Plan") for our officers. Options for the purchase of all 1,200,000 shares of our common stock authorized under the Plan have been granted. The Plan provides that the options are exercisable only if the officer is employed by us at the time of exercise and holds at least seventy-five percent of the individuals' shares held on April 1, 1993. The Plan also requires the option shares to be held for periods of six months to three years. The remaining options are exercisable within thirty days of the anniversary of the Plan in 2005 through 2008.

In January 1994, the Employee Stock Gift Program was approved by the Board of Directors which allows us to gift shares of stock to eligible employees based on length of service. We gifted 798 shares, 1,552 shares and 400 shares of stock under this Plan in 2002, 2001 and 2000, respectively, and recognized the market value of the shares at the date of issuance as an expense.

In April 1994, shareholders approved the Employee Stock Purchase Plan ("Stock Purchase Plan") and Director Retainer Stock Plan ("Stock Retainer Plan"). In April 2002, shareholders approved the 2002 Employee Stock Purchase Plan ("2002 Stock Purchase Plan") to succeed the Stock Purchase Plan. The plans allow eligible employees to purchase shares of our stock at a share price equal to 85% of fair market value on the purchase date. In 2002, 2001 and 2000, 13,125 shares, 12,264 shares and 19,664 shares, respectively, were issued under this Plan for amounts totaling approximately $243,000, $183,000 and $227,000, respectively.

The Stock Retainer Plan allows eligible members of the Board of Directors to defer their retainer fees and receive shares of our stock at the time of their retirement, disability or death. The number of shares to be received is equal to the amount of the retainer fee deferred multiplied by 110% divided by the fair market value of a share of our stock at the time of deferral, and is increased for dividends declared. We have accrued, in "Accrued Liabilities -- Other," approximately $370,000 and $300,000 on December 28, 2002 and December 29, 2001, respectively, for amounts incurred under this Plan.

In January 1997, we instituted a Directors' Stock Grant Program. In lieu of a cash increase in the amount of Director fees, each outside Director receives 100 shares of stock for each board meeting attended up to a maximum of 400 shares per year. In 2002, 2001 and 2000, we issued 1,400 shares, 1,500 shares and 1,700 shares, respectively, and recognized the market value of the shares on the date of issuance as an expense.

On April 28, 1999, the shareholders approved the Long Term Stock Incentive Plan (the "1999 Plan") to succeed the 1997 Long Term Stock Incentive Plan (the "1997 Plan"). The 1999 Plan reserves a maximum of 1,000,000 shares, plus 406,029 shares remaining under the 1997 Plan, plus an annual increase of no more than 200,000 shares which may be added on the date of the annual meeting of shareholders each year. The 1999 Plan provides for the granting of stock options, reload options, stock appreciation rights, restricted stock, performance shares and other stock-based awards. The term of the 1999 Plan is ten years. In 2002, 2001 and 2000, we granted stock options for 576,769 shares, 390,597 shares and 505,934 shares, respectively.

As of December 28, 2002, a total of 3,113,864 shares are reserved for issuance under the plans mentioned above and under Note I below.

On October 21, 1998, the Board of Directors approved a share repurchase program (which succeeded a previous program) allowing us to repurchase up to 1,800,000 shares of our common stock. On October 18, 2000 and November 14, 2001, the Board of Directors authorized an additional 1,000,000 shares and 2,500,000 shares, respectively, to be repurchased under the program. In 2002, 2001 and 2000, we repurchased 2,199,435 shares, 109,482 shares and 635,411 shares, respectively, under these programs.

I. STOCK OPTIONS AND STOCK-BASED COMPENSATION

Stock options issued under the Long Term Stock Incentive Plan are granted to employees and officers at exercise prices which equaled or exceeded the market value of the stock on the date of grant. The options are exercisable from three to fifteen years from the date of grant and the recipients must be employed by us at the date of exercise.

Options were granted in 2000 at exercise prices which equaled or exceeded the market prices on the date of grant. Options to purchase 40,000 shares were granted in 2000 with a weighted average exercise price of $21.56 per share and a weighted average fair market price of $14.75 on the date of the grant. Options were granted in 2002 and 2001 with exercise prices which were equal to the market prices on the date of grant.

Stock option activity since the end of 1999 is summarized as follows:

	SHARES OF COMMON STOCK ATTRIBUTABLE TO OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS	WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED
Outstanding on December 25, 1999	1,317,515	$12.66	
Granted	505,934	$13.22	$4.67
Exercised	(60,000)	$ 4.25	
Forfeited	(101,911)	$15.96	
Outstanding on December 30, 2000	1,661,538	$12.95	
Granted	390,597	$14.13	$4.15
Exercised	(152,500)	$ 4.50	
Forfeited	(187,901)	$11.20	
Outstanding on December 29, 2001	1,711,734	$14.15	
Granted	576,769	$22.48	$7.09
Exercised	(120,000)	$ 5.00	
Forfeited	(62,629)	$17.02	
Outstanding on December 28, 2002	2,105,874	$16.86	

Options to purchase 20,000 shares were exercisable at December 28, 2002 with a weighted average price of $20.03. No options were exercisable on either December 29, 2001 or December 30, 2000. The following table summarizes information concerning options on December 28, 2002:

WEIGHTED-AVERAGE NUMBER REMAINING RANGE OF EXERCISE PRICES OUTSTANDING CONTRACTUAL LIFE - --- ---------- ---------- $4.25 - - $10.00			
250,000	4.02	$10.01	--
$14.00			
484,279	3.36	$14.01	--
$18.00			
393,713	3.33	$18.01	--
$21.00			
198,111	2.50	$21.01	--
$23.00			
454,771	4.89	$23.01	--
$25.00			
215,000	6.65	$25.01	--
$36.01			
110,000	9.27	---------	2,105,874 =========

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation -- Transition and Disclosure -- an amendment of FASB Statement No. 123 ("SFAS 148"). SFAS 148 amends SFAS 123 to provide alternative methods of transition for a voluntary change to the fair-value based method of accounting for stock-based employee compensation and the effect of the method used on reported results. We do not intend to adopt a fair-value based method of accounting for stock-based employee compensation until a final standard is issued by the FASB that addresses industry concerns related to applicability of current option pricing models to non-exchange traded employee option plans.

J. OFFICERS' STOCK NOTES RECEIVABLE

Officers' stock notes receivable represent notes obtained by us from certain officers for the purchase of our common stock. On April 30, 2002, we sold 12,555 shares of common stock to three officers in exchange for additional notes receivable totaling approximately $300,000. On April 21, 2000, we sold 60,376 shares of common stock to eight officers in exchange for additional notes receivable totaling almost $800,000. Interest on all of the outstanding notes range from fixed rates of five to eleven percent per annum and a variable rate of the prime rate less 10% (minimum 6%, maximum 12%). Each loan is evidenced by a promissory note from the participating officer and is secured by all of the shares purchased with the loan proceeds. All loans are recourse loans. On December 28, 2002, payments on the notes are due as follows (in thousands):

2003	$ 99
2004	57
2005	61
2006	173
2007	189
Thereafter	822

	$1,401
	======

As of August 1, 2002, we no longer issue notes to executive officers under this program.

K. LIFE INSURANCE

In September 1995, we acquired a second-to-die life insurance policy on our Chairman of the Board and his spouse, our largest shareholders. The death benefit on the policy totals $8.7 million and we are the beneficiary. We also maintain an officer's life insurance policy on the Chairman with a death benefit of $1.3 million. The cash surrender value on these policies on December 28, 2002 and December 29, 2001 is included in "Other Assets."

L. RETIREMENT PLANS

We have a profit sharing and 401(k) plan for the benefit of substantially all of our employees excluding the employees of certain subsidiaries. Amounts contributed to the plan are made at the discretion of the Board of Directors. We contributed approximately $384,000, $682,000 and $546,000 in 2002, 2001 and 2000, respectively. In addition, we matched 50% of employee contributions in 2002, 2001 and 2000, on a discretionary basis, totaling $2.1 million, $1.8 million and $1.7 million in 2002, 2001 and 2000, respectively. The basis for matching contributions may not exceed the lesser of 6% of the employee's annual compensation or $11,000.

In addition, a wholly-owned subsidiary acquired in 1998 has a 401(k) plan for the benefit of substantially all of its employees. This subsidiary matched 50% of employee contributions, on a discretionary basis, totaling $583,000, $586,000 and $509,000 in 2002, 2001 and 2000, respectively.

M. INCOME TAXES

Income tax provisions for the years ended December 28, 2002, December 29, 2001, and December 30, 2000 are summarized as follows (in thousands):

2002 2001 2000 ---------- Currently payable:
Federal.....
$17,196 $12,801 $16,688 State and local..... 2,590
1,385 1,781
Foreign.....
(509) 421 505 ------- ------- ------- 19,277 14,607
18,974 Net Deferred:
Federal.....
1,753 4,430 (263) State and local..... 462 447
(189)
Foreign.....
1,491 128 696 ------- ------- ------- 3,706 5,005 244 ---
---- ------- ------- $22,983 $19,612 $19,218 =======
======= =======

The effective income tax rates are different from the statutory federal income tax rates for the following reasons:

2002 2001 2000 ---------- Statutory federal income tax rate..... 35.0% 35.0%
35.0% State and local taxes (net of federal benefits)..... 3.2 2.2 2.1
Goodwill.....
1.1 1.2 Effect of minority owned interest in earnings of D&R..... (1.0) (0.9) Other, net..... (0.2)
(1.3) (0.2) ---- ---- ---- Effective income tax rate..... 37.0% 36.1% 38.1%
==== ==== ====

We have no present intention of remitting undistributed earnings of certain foreign subsidiaries aggregating $8.2 million on December 28, 2002 and, accordingly, no deferred tax liability has been established relative to these earnings. If these amounts were not considered permanently reinvested, a deferred tax liability of approximately $948,000 would have been required.

Temporary differences which give rise to deferred tax assets and (liabilities) on December 28, 2002 and December 29, 2001 are as follows (in thousands):

2002	2001	
Employee benefits	$ 4,369	$ 4,483
Foreign subsidiary net operating loss	64	253
Depreciation	(13,002)	(11,104)
Inventory	(480)	257
Accrued expenses	548	661
All other, net	(3,234)	(2,592)
	(11,735)	(8,042)
Valuation allowance	(672)	(659)
	$(12,407)	$ (8,701)

The valuation allowance consists of a capital loss carryforward we have related to a prior investment in a wholly-owned subsidiary, UFP de Mexico. We do not anticipate realizing a future benefit from this loss carryforward, therefore, we have established an allowance for the entire amount of the future benefit. This carryforward will expire at the end of 2005. The foreign subsidiary net operating loss carryforward also expires in 2005.

N. COMMITMENTS, CONTINGENCIES AND GUARANTEES

We are self-insured for environmental impairment liability through a wholly owned subsidiary, UFP Insurance Ltd., a licensed captive insurance company. We own and operate a number of facilities throughout the United States that chemically treat lumber products. In connection with the ownership and operation of these and other real properties, and the disposal or treatment of hazardous or toxic substances, we may, under various federal, state and local environmental laws, ordinances and regulations, be potentially liable for removal and remediation costs, as well as other potential costs, damages and expenses. Insurance reserves have been established to cover remediation activities at our Union City, GA; Stockertown, PA; Elizabeth City, NC; Auburndale, FL; and Schertz, TX wood preservation facilities. In August of 2002, we purchased property in Thornton, CA on which several old buildings existed. The environmental assessment indicated that these buildings contained small amounts of asbestos. A reserve has been established to cover the removal of the asbestos. Since we determined we will no longer operate the North East, MD facility as a wood preservation location, during the third quarter of 2002 we completed the process of closing the conditioning pad, in accordance with applicable regulations and the reserve was reduced accordingly.

Including amounts from the captive insurance company, we have reserved amounts totaling approximately $1.9 million and $2.4 million on December 28, 2002 and December 29, 2001, respectively, representing the estimated costs to complete remediation efforts.

As part of its re-registration process and in response to allegations by certain environmental groups that CCA poses health risks, the EPA has been conducting a scientific review of CCA, a wood preservative we use to extend the useful life of wood fiber. On February 12, 2002, the EPA announced that the manufacturers of CCA preservative agreed to the re-registration of CCA for certain industrial and commercial uses. The manufacturers agreed to voluntarily discontinue the registration of CCA for certain residential applications by December 31, 2003. All of our facilities are presently capable of using a new preservative to treat wood products.

In addition to the EPA review, an environmental group petitioned the Consumer Products Safety Commission ("CPSC") to ban the use of CCA treated wood in playsets. On February 7, 2003, the CPSC issued a staff report on its study of the risks of children playing on treated playsets. The study does not recommend removal of product, and proposes the CPSC take no further action until the EPA concludes its assessment. We have been assured by our vendors and by scientific studies that CCA treated lumber poses no unreasonable risks and its continued use should be permitted. The EPA, in its February 2002 press release concluded that there isn't any reason to remove or replace any CCA treated structures, including decks or playground equipment.

We have been requested by a customer to defend it from purported class action lawsuits filed against it in Florida and Louisiana. The complaints allege that CCA treated lumber is defective. As previously stated, our vendors believe and scientific studies support the fact that CCA treated lumber poses no unreasonable risks, and we intend to vigorously defend this position. While our customer has charged us for certain expenses incurred in the defense of these claims, we have not formally accepted liability of these costs. We, along with others in the industry, were previously named as a defendant in the purported class action lawsuit in Louisiana. We have been dismissed from this litigation.

In addition, various special interest environmental groups have petitioned certain states requesting restrictions on the use or disposal of CCA treated products. The wood preservation industry trade groups are working with the individual states and their regulatory agencies to provide an accurate, factual background which demonstrates that the present method of uses and disposal is scientifically supported.

On December 28, 2002, we were parties either as plaintiff or a defendant to a number of lawsuits and claims arising through the normal course of our business. In the opinion of management, our consolidated financial statements will not be materially affected by the outcome of these legal proceedings.

On December 28, 2002, we had outstanding purchase commitments on capital projects of approximately $1.2 million.

We provide a variety of warranties for products we manufacture. Historically, warranty claims have not been material.

In certain cases we jointly bid on contracts with framing companies to supply building materials to site-built construction projects. In some of these instances we are required to post payment and performance bonds to insure the owner that the products and installation services are completed in accordance with our contractual obligations. We have agreed to indemnify the surety for claims made against the bonds. Historically, we have not had any claims for indemnity from our sureties. As of December 28, 2002, we had approximately $9.8 million in outstanding performance bonds which expire during the next three to eighteen months.

We have entered into operating leases for certain assets that include a guarantee of a portion of the residual value of the leased assets. If at the expiration of the initial lease term we do not exercise our option to purchase the leased assets and these assets are sold by the lessor for a price below a predetermined amount, we will reimburse the lessor for a certain portion of the shortfall. These operating leases will expire periodically over the next five years. The estimated maximum aggregate exposure of these guarantees is less than $350,000.

On December 28, 2002, we had outstanding letters of credit totaling $31.1 million, primarily related to certain insurance contracts and industrial development revenue bonds.

In lieu of cash deposits, we provide irrevocable letters of credit in favor of our insurers to guarantee our performance under certain insurance contracts. We currently have irrevocable letters of credit outstanding totaling approximately $11 million for these types of insurance arrangements. We have reserves recorded on our balance sheet, in accrued liabilities, that reflect our expected future liabilities under these insurance arrangements.

We are required to provide irrevocable letters of credit in favor of the bond trustees for all of the industrial development revenue bonds that we have issued (see Note D). These letters of credit guarantee principal and interest payments to the bondholders. We currently have irrevocable letters of credit outstanding totaling approximately $18.3 million related to our outstanding industrial development revenue bonds. These letters of credit have varying terms but may be renewed at the option of the issuing banks.

Our wholly owned domestic subsidiaries have guaranteed the indebtedness of Universal Forest Products, Inc. in certain debt agreements, including the 1994 Senior Notes, Series 1998-A Senior Notes, Series 2002-A Senior Notes and our revolving credit facility. The maximum exposure of these guarantees is limited to the indebtedness outstanding under these debt arrangements and this exposure will expire concurrent with the expiration of the debt agreements (see Note D).

O. SEGMENT REPORTING

SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS 131") defines operating segments as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Under the definition of a segment, our Eastern and Western Divisions may be considered an operating segment of our business. Under SFAS 131, segments may be aggregated if the segments have similar economic characteristics and if the nature of

the products, distribution methods, customers and regulatory environments are similar. We have chosen to aggregate our divisions into one reporting segment. Our divisions operate manufacturing and treating facilities throughout North America.

In 2002, 2001 and 2000, 30%, 33% and 32% of net sales, respectively, were to a single customer.

Information regarding principal geographic areas was as follows (in thousands):

2002 2001 2000 ---------- ---------- ---------- -- LONG-LIVED LONG-LIVED LONG-LIVED TANGIBLE TANGIBLE TANGIBLE NET SALES ASSETS NET SALES ASSETS NET SALES ASSETS ---------- ---------- ---------- United States..... $1,559,530 $181,761 $1,483,110 $172,407 $1,339,851 $161,773 Foreign..... 80,369 28,121 47,243 20,840 47,279 17,609 ---------- ---- ---- ---------- -------- ---- ------ -------- Total..... $1,639,899 $209,882 $1,530,353 $193,247 $1,387,130 $179,382 ========== ======== ========== ======== ========== ========

Sales generated in Canada and Mexico are primarily to customers in the United States of America.

The following table presents, for the periods indicated, our percentage of value-added and commodity-based sales to total sales.

VALUE-ADDED COMMODITY-BASED ---------- ---------- 2002..... 50.8% 49.2% 2001..... 48.4% 51.6% 2000..... 44.2% 55.8%

Value added product sales consist of fencing, decking, lattice and other specialty products sold to the DIY/retail market, specialty wood packaging, engineered wood products and "wood alternative" products. Although we consider the treatment of dimensional lumber with certain chemical preservatives a value-added process, treated lumber is not presently included in the value-added sales totals. Commodity-based product sales consist primarily of remanufactured lumber and preservative treated lumber.

P. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth selected financial information for all of the quarters during the years ended December 28, 2002 and December 29, 2001 (in thousands, except per share data):

FIRST SECOND THIRD FOURTH ---------- ---------- ---------- ---------- ---------- ---------- ---------- ---------- 2002 2001 2002 2001 2002 2001 2002 2001 ---------- ---------- ---------- ---------- ---------- ---------- ---------- ---------- ----- Net sales..... $341,656 $284,069

$504,944 $485,153
$452,959 $431,861
$340,340 $329,270
Gross
profit.....
51,277 43,119
68,623 66,397
61,665 56,182
48,845 45,781 Net
earnings(1).....
6,082 4,977 15,354
14,238 10,644
9,808 4,557 4,119
Basic earnings per
share(1).....
0.33 0.25 0.86
0.72 0.60 0.50
0.26 0.21 Diluted
earnings per
share(1).....
0.32 0.25 0.82
0.70 0.58 0.48
0.25 0.20

- ------------------------

(1) In 2002, we adopted SFAS 142, therefore goodwill is no longer amortized.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock trades on the Nasdaq National Market tier of the Nasdaq Stock Market under the symbol UFPI. The following table sets forth the range of high and low sales prices as reported by Nasdaq.

FISCAL 2002	HIGH	LOW	FISCAL 2001	HIGH	LOW
Fourth Quarter	22.00	16.04	Fourth Quarter	21.50	16.16
Third Quarter	24.14	17.47	Third Quarter	22.95	14.12
Second Quarter	26.75	21.67	Second Quarter	22.45	13.49
First Quarter	26.18	20.28	First Quarter	15.43	12.94

There were approximately 5,450 shareholders of record as of March 1, 2003.

In 2002, we paid dividends on our common stock of $.045 per share in June and $.045 per share in December. In 2001, we paid dividends on our common stock of $.040 per share in June and $.045 per share in December. We intend to continue with our current dividend policy for the foreseeable future.

DIRECTORS AND EXECUTIVE OFFICERS

BOARD OF DIRECTORS

Peter F. Secchia
Chairman of the Board
Universal Forest Products, Inc.

William G. Currie
Vice Chairman of the Board and
Chief Executive Officer
Universal Forest Products, Inc.

Dan M. Dutton
Chairman & CEO
Stimson Lumber Co.

John M. Engler
President of State and Local Government
EDS

John W. Garside
Chairman
Woodruff Coal Company

Philip M. Novell
Consultant
Compass Group

Louis A. Smith
President
Smith and Johnson, Attorneys, P.C.

OPERATIONS OFFICERS

Robert K. Hill
President
Universal Forest Products
Western Division, Inc.

C. Scott Greene
President
Universal Forest Products
Eastern Division, Inc.

Jeff A. Higgs
Executive Vice President
Site-Built
Universal Forest Products
Western Division, Inc.

Donald A. James
Executive Vice President
Site-Built
Universal Forest Products
Eastern Division, Inc.

Robert D. Coleman
Executive Vice President
Manufacturing
Universal Forest Products, Inc.

EXECUTIVE COMMITTEE

Peter F. Secchia
Chairman of the Board

William G. Currie
Vice Chairman of the Board and Chief Executive Officer

Michael B. Glenn
President and Chief Operating Officer

Michael R. Cole
Chief Financial Officer and Treasurer

Matthew J. Missad
Executive Vice President and Secretary

EXHIBIT 21

LIST OF REGISTRANT'S SUBSIDIARIES AND AFFILIATES

1. Advanced Component Systems LLC, a Michigan Limited Liability Company.

2. Consolidated Building Components, Inc., a Pennsylvania Corporation.

3. D&R Framing Contractors, L.L.C., a Michigan Limited Liability Company (50% owned).

4. ECJW Holdings Ltd., a Canadian Corporation.

5. Euro-Pacific Building Materials, Inc., an Oregon Corporation.

6. Nascor Incorporated, a Canadian Corporation (57% owned).

7. Nascor Structures, Inc., a Nevada Corporation.

8. Pinelli Universal, S. de R.L. de C.V., a Mexican Corporation (50% owned).

9. Shoffner Holding Company, Inc., a Michigan Corporation.

10. Syracuse Real Estate, L.L.C., a Michigan Limited Liability Company.

11. Tresstar, LLC, a Michigan Limited Liability Company.

12. UFP Framing LLC, a Michigan Limited Liability Company.

13. UFP Insurance Ltd., an exempted company organized under the laws of Bermuda.

14. UFP Real Estate, Inc., a Michigan Corporation.

15. UFP Transportation, Inc., a Michigan Corporation.

16. UFP Ventures, Inc., a Michigan Corporation.

17. UFP Ventures II, Inc., a Michigan Corporation.

18. Universal Consumer Products, Inc., a Michigan Corporation.

19. Universal Forest Products Canada Limited Partnership.

20. Universal Forest Products Eastern Division, Inc., a Michigan Corporation.

21. Universal Forest Products Foundation, a Michigan Nonprofit Corporation.

22. Universal Forest Products Holding Company, Inc., a Michigan Corporation.

23. Universal Forest Products Mexico Holdings, S. de R.L. de C.V., a Mexican Corporation.

24. Universal Forest Products Nova Scotia ULC, a Canadian Corporation.

25. Universal Forest Products of Canada, Inc., a Canadian Corporation.

26. Universal Forest Products of Modesto L.L.C., a Michigan Limited Liability Company.

27. Universal Forest Products Reclamation Center, Inc., a Michigan Corporation.

28. Universal Forest Products Shoffner LLC, a Michigan Limited Liability Company.

29. Universal Forest Products Texas Limited Partnership.

30. Universal Forest Products Western Division, Inc., a Michigan Corporation.

31. Universal Truss, Inc., a Michigan Corporation.

32. Western Building Professionals, LLC, a Michigan Limited Liability Company.

33. Western Building Professionals of California, Inc., a Michigan Corporation.

34. Western Building Professionals of California II Limited Partnership.

EXHIBIT 23(a)

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Form 10-K of Universal Forest Products, Inc. and subsidiaries of our report dated January 24, 2003, with respect to the consolidated financial statements of Universal Forest Products, Inc. and subsidiaries as of December 28, 2002 and for the year then ended, included in the 2002 Annual Report to Shareholders of Universal Forest Products, Inc. and subsidiaries.

We also consent to the incorporation by reference in the Registration Statement File Numbers 33- 81128, 33-81116, 33-84632, 33-81450, 333-60630 and 333-88056 on Form S-8 and Registration Statement File Number 333-75278 on Form S-3 of our report dated January 24, 2003 incorporated by reference in the Form 10-K for the year ended December 28, 2002.

/s/ Ernst & Young LLP
ERNST & YOUNG LLP
Grand Rapids, Michigan
March 14, 2003

EXHIBIT 23(b)

INFORMATION CONCERNING CONSENT OF ARTHUR ANDERSEN LLP

We have not been able to obtain, after reasonable efforts, the re-issued report or consent of Arthur Andersen LLP related to the consolidated financial statements of the Company for the year ended December 29, 2001, including in this report on Form 10-K. Therefore, we have included a copy of their previously issued report.

Because we have been unable to obtain the above-referenced consent of Arthur Andersen LLP, we are required to disclose any resulting limitations on recovery by investors. Section 11(a) of the Securities Act of 1933 allows, under certain circumstances, a person acquiring a security to assert a claim against, among others, an accountant who has consented to be named as having prepared any report for use in connection with the registration statement if part of a registration statement at the time it becomes effective contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Because Arthur Andersen LLP has not consented to being named in this Form 10-K, it will not be liable under Section 11(a) of the Securities Act for any untrue statements or omissions of material fact contained in the financial statements audited by Arthur Andersen LLP.

EXHIBIT 23(c)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-81128, 33-81116, 33-84632, 33-81450, 333-60630 and 333-88056 of Universal Forest Products, Inc. on Form S-8 and Registration Statement No. 333-75278 on Form S-3 of our report dated January 29, 2001, appearing in and incorporated by reference in this Annual Report on Form 10-K of Universal Forest Products, Inc. for the fiscal year ended December 28, 2002.

/s/ Deloitte & Touche LLP
DELOITTE & TOUCHE LLP
Grand Rapids, Michigan
March 14, 2003

EXHIBIT 99(a)

CERTIFICATE OF THE
CHIEF EXECUTIVE OFFICER OF
UNIVERSAL FOREST PRODUCTS, INC.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350):

I, William G. Currie, Chief Executive Officer of Universal Forest Products, Inc., certify, to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that:

(1) The report on Form 10-K for the year ended December 28, 2002, which this statement accompanies, fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this report on Form 10-K for the period ended December 28, 2002 fairly presents, in all material respects, the financial condition and results of operations of Universal Forest Products, Inc.

UNIVERSAL FOREST PRODUCTS, INC.

Date: March 14, 2003

By: /s/ William G. Currie
William G. Currie
Its: Chief Executive Officer

EXHIBIT 99(b)

CERTIFICATE OF THE
CHIEF FINANCIAL OFFICER OF
UNIVERSAL FOREST PRODUCTS, INC.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350):

I, Michael R. Cole, Chief Financial Officer of Universal Forest Products, Inc., certify, to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that:

(1) The report on Form 10-K for the period ended December 28, 2002, which this statement accompanies, fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this report on Form 10-Q for the period ended December 28, 2002 fairly presents, in all material respects, the financial condition and results of operations of Universal Forest Products, Inc.

UNIVERSAL FOREST PRODUCTS, INC.

Date: March 14, 2003

By: /s/ Michael R. Cole
Michael R. Cole
Its: Chief Financial Officer