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 29, 2001.

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	49525
(Address of principal executive offices)	(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]

As of March 1, 2002, 17,792,961 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 $311,392,018 computed at the closing price of $23.14 on that date.

Documents incorporated by reference:

(1) Certain portions of the Company's Annual Report to Shareholders for the fiscal year ended December 29, 2001 are incorporated by reference into Part I and II of this Report.

(2) Certain portions of the Company's Proxy Statement for its 2002 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 29, 2001

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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 and distribute lumber and other building products to the DIY/retail, site-built construction, manufactured housing, industrial and wholesale lumber markets. We currently operate 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 29, 2001 ("2001 Annual Report") under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." Selected portions of the 2001 Annual Report are filed as Exhibit 13 with this Form 10-K Report.

(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 and distribute lumber 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. We also sell lumber products to the wholesale lumber market but are not emphasizing this business in our growth objectives.

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 33%, 32% and 26% of our total net sales for fiscal 2001, 2000 and 1999, 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. While we are entitled to make certain recommendations under the marketing agreements, The Home Depot reserves the right to spend these funds as it deems appropriate. The rebate agreements provide for certain percentage rebates to be given to The Home Depot based upon sales levels. The level and amount for the rebates vary with the level of our sales to The Home Depot.

We currently supply customers in this market from over 50 of our locations. These regional facilities are able to supply customers with 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.

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 customers 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 41 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 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.

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 core 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, 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

Ontario, Quebec, British Columbia and Alberta, 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 significant competitive advantage.

INTELLECTUAL PROPERTY. We own a patent relating to automated equipment for the manufacture of lattice, a tie-down strap patent related to truss components, and a patent on machinery used in the recycling of drywall. In addition, we own four 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; 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, 2002 and 2001, backlog orders associated with the site-built construction business approximated $27.7 million and $31.8 million, respectively, representing approximately six and seven weeks of production, respectively. We believe the relatively short time period associated with our backlog, in certain regions, provides a significant 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, 2002, we had approximately 6,600 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 P 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 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. A second case, Albert Miller et. al. vs. Home Depot, USA Inc., et. al. is pending in the U.S. District Court for the Western District of Louisiana. 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.

In these cases, the putative plaintiffs allege that CCA treated lumber is defective and also allege that the marketing of the product is either deceptive or not sufficiently informative as to the risks of the product. The plaintiffs seek removal of CCA treated lumber, together with financial remuneration.

We believe the claims are baseless and 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, 2002. 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
Peter F. Secchia	64	Chairman of the Board, Universal Forest Products, Inc.
William G. Currie	54	Vice Chair. of the Board and Chief Exec. Officer, Universal Forest Products, Inc.
Michael B. Glenn	50	President and Chief Operating Officer, Universal Forest Products, Inc.
C. Scott Greene	46	President, Universal Forest Products Eastern Division, Inc.
Robert K. Hill	54	President, Universal Forest Products Western Division, Inc.
Gary A. Wright	54	Exec. Vice President Site-Built, Universal Forest Products Eastern Division, Inc., and President, Universal Forest Products Shoffner LLC.
Jeff A. Higgs	47	Exec. Vice President Site-Built, Universal Forest Products Western Div., Inc.
Donald L. James	42	Vice President Site-Built, Universal Forest Products Eastern Division, Inc.
Robert D. Coleman	47	Exec. Vice President Manufacturing, Universal Forest Products, Inc.
Philip E. Rogers	51	Exec. Vice Pres. National Sales and Marketing, Universal Forest Products, Inc.
Matthew J. Missad	41	Executive Vice President and Secretary, Universal Forest Products, Inc.

Michael R. Cole	35	Chief Financial Officer and Treasurer, Universal Forest Products, Inc.

Peter F. Secchia, Chairman of the Board, began his service with us in 1962 and has been a director since 1967.

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.

Gary A. Wright, has been affiliated with us since March 30, 1998 at which time we acquired Shoffner Industries, Inc., with whom he had been employed since 1978. Mr. Wright remained President of Shoffner Industries, L.L.C., now known as Universal Forest Products Shoffner LLC, and in 2000 he also became Executive Vice President of Site-Built for Universal Forest Products Eastern Division, Inc.

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, and became Vice President Site- Built, Universal Forest Products Eastern Division, Inc. on January 1, 2002.

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.

Philip E. Rogers, an employee since 1989, served as Vice President of Operations for the Universal Forest Products Southwest Company until November of 1997. At that time, Mr. Rogers became the Vice President of Sales, National Accounts Retail. Effective January 1, 1999, Mr. Rogers was promoted to Executive Vice President of National Sales and Marketing.

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 2001 Annual Report, are specifically incorporated by reference into this Form 10-K Report. These portions of the 2001 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 2001 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 2001 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 2001 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 revolving credit facilities 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 29, 2001, the estimated fair value of our long-term debt, including the current portion, was $175.8 million, which was $1.1 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:

	2002	2003	2004	2005	2006	Thereafter	Total
($US equivalents, in thousands)							
Long-term Debt:							
Fixed Rate ($US)...............	$5,714	$5,714	$5,714	$21,500		$78,500	$117,142
Average interest rate........	7.15%	7.15%	7.15%	6.69%		6.98%	
Variable Rate ($US)............	$2,726	$27,293	$202	$202	$195	$15,051	$45,669
Average interest rate(1).....	2.48%						
Variable Rate ($CDN)...........	$11,974						$11,974
Interest rate(2).............	2.93%						

(1) Average of rates at December 29, 2001
(2) Rate at December 29, 2001

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this Item is incorporated by reference from the 2001 Annual Report under the following captions:

"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.

On June 14, 2001, the Company's Board of Directors approved of a change in its independent accountant from Deloitte & Touche LLP ("Deloitte") to Arthur Andersen LLP ("Andersen") based upon the recommendation of the Audit Committee. Deloitte's report on the Company's financial statements for the past two fiscal years did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principles. During 1999, 2000, and a portion of 2001, preceding the Board's decision to change independent accountants, there were no disagreements with Deloitte on any matter of accounting principles or practices, financial statement disclosure, auditing scope or procedure, which disagreement(s), if not resolved, would have caused Deloitte to refer to the matter of the disagreement(s) in connection with its reports. During that same period of time, there were no reportable events as described in item 304(a)(1)(b) of the Securities and Exchange Commission's Regulation S-K.

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 18, 2002, for the 2002 Annual Meeting of Shareholders, as filed with the Commission ("2002 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 2002 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 2002 Proxy Statement under the captions "Ownership of Common Stock" and "Securities Ownership of Management."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information relating to certain relationships and related transactions is incorporated by reference from the 2002 Proxy Statement under the caption "Election of Directors."

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements. The following Report of Independent Public Accountants, Independent Auditors' Report and Consolidated Financial Statements are incorporated by reference, under Item 8 of this report, from the 2001 Annual Report:

Report of Independent Public Accountants
Independent Auditors' Report
Consolidated Balance Sheets as of December 29, 2001 and December 30, 2000
Consolidated Statements of Earnings for the Years Ended December 29, 2001, December 30, 2000 and December 25, 1999
Consolidated Statements of Shareholders' Equity for the Years Ended December 29, 2001, December 30, 2000 and December 25, 1999
Consolidated Statements of Cash Flows for the Years Ended December 29, 2001, December 30, 2000 and December 25, 1999
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 found on pages E-1 through E-3 of 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 27, 2002 UNIVERSAL FOREST PRODUCTS, INC.

By: /s/ Peter F. Secchia

PETER F. SECCHIA, CHAIRMAN OF THE BOARD

and

/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 (PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 27th day of March, 2002, 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/ John W. Garside
PETER F. SECCHIA, DIRECTOR	JOHN W. GARSIDE, DIRECTOR
/s/ William G. Currie	/s/ Philip M. Novell
WILLIAM G. CURRIE, DIRECTOR	PHILIP M. NOVELL, DIRECTOR
/s/ John C. Canepa	/s/ Louis A. Smith
JOHN C. CANEPA, DIRECTOR	LOUIS A. SMITH, DIRECTOR
/s/ Carroll M. Shoffner	
CARROLL M. SHOFFNER, DIRECTOR	

EXHIBIT NO.	DESCRIPTION
3(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.
3(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(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.
4(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.
4(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(a)(2)	Redemption Agreement with Peter F. Secchia, dated January 2, 2002.
10(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.
10(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.
10(c)(5)	Lease guarantee, dated April 26, 1978, by Registrant on behalf of Universal Restaurants, Inc. to Dorr D. and Nettie R. Granger was filed as Exhibit 10(c)(5) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(d)(1)	Lease between Registrant and its Employee Profit Sharing and Retirement Trust Fund as lessor regarding Registrant's Shakopee, Minnesota facility was filed as Exhibit 10(d)(1) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(d)(2)	Lease between Registrant and McIntosh Lumber Co. as lessor regarding Registrant's Huntington Beach, California facility was filed as Exhibit 10(d)(2) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
*10(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.

EXHIBIT NO.	DESCRIPTION
*10(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.
*10(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.
10(g)(5)	Promissory Note with NBD Bank, N.A., dated January 20, 1994, was filed as Exhibit 10(g)(5) to a Form 10-K Annual Report for the year ended December 25, 1993, and the same is incorporated herein by reference.
10(g)(6)	Promissory Note with Old Kent Bank and Trust Company, dated January 24, 1994, was filed as Exhibit 10(g)(6) to a Form 10-K Annual Report for the year ended December 25, 1993, and the same is incorporated herein by reference.
10(g)(7)	Promissory Note with Michigan National Bank, dated January 27, 1994, was filed as Exhibit 10(g)(7) to a Form 10-K Annual Report for the year ended December 25, 1993, and the same is incorporated herein by reference.
10(g)(8)	Promissory Note with Comerica Bank, dated February 14, 1994, was filed as Exhibit 10(g)(8) to a Form 10-K Annual Report for the year ended December 25, 1993, and the same is incorporated herein by reference.
10(h)(1)	Land Contract Agreement dated May 26, 1994, was filed as Exhibit 10(h)(1) to a Form 10-Q Quarterly Report for the quarter period ended June 25, 1994, and the same is incorporated herein by reference.
10(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.
10(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.
13	Selected portions of the Company's Annual Report to Shareholders for the fiscal year ended December 29, 2001.
21	List of Registrant's subsidiaries.
23(a)	Consent of Arthur Andersen LLP.
23(b)	Consent of Deloitte & Touche LLP.
99	Letter to the Commission pursuant to Temporary Note 3T.

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STOCK REDEMPTION AGREEMENT

This Stock Redemption Agreement is entered into by and among Universal Forest Products, Inc., a Michigan corporation, with headquarters at 2801 East Beltline, N.E., Grand Rapids, Michigan 49525 (the "Corporation"); Peter F. Secchia, individually ("PFS"); Peter F. Secchia Trust u/a/d August 27, 1990, as amended (the "PFS Trust"); the Secchia Family Limited Partnership ("SFLP"); SIBSCO, L.L.C., a Michigan limited liability company ("SIBSCO"); and the Secchia Family Foundation (the "Foundation").

RECITALS

A. The PFS Trust; SFLP; SIBSCO; the Foundation; the Mark W. Secchia Trust u/a/d December 23, 1991, as amended (the "MWS Trust"); the Stephanie R. Secchia Trust u/a/d December 23, 1991, as amended (the "SRS Trust"); the Charles N. Secchia Trust u/a/d December 23, 1991, as amended (the "CNS Trust"); the Sandra V. Secchia Trust u/a/d December 23, 1991, as amended (the "SVS Trust"); The Piffuskids Christmas Trust for Grandma u/a/d December 23, 1987 ("Grandma's Trust"); the Fifth Third Securities Corporation, IRA Custodian for the benefit of Peter F. Secchia (the "PFS-IRA"); Mark W. Secchia, individually; Stephanie R. Secchia; individually; Charles N. Secchia, individually; and Sandra Secchia Aslanian, individually (collectively, the "Shareholders") each own shares of the common stock, no par value, of the Corporation ("Common Stock").

B. The Shareholders desire to have some of their shares of Common Stock redeemed by the Corporation on the terms and conditions hereinafter set forth.

C. The Corporation desires to redeem from one or more of the Shareholders 2,000,000 shares of Common Stock owned by the Shareholders on the terms and conditions hereinafter set forth.

In consideration of the above recitals and of the mutual covenants and agreements herein contained, the parties mutually agree as follows:

1. REDEMPTION. Subject to the terms and conditions of this Agreement, on January 2, 2002 (the "Redemption Date"), one or more of the Shareholders, collectively, shall sell and transfer to the Corporation, and the Corporation shall redeem from one or more of the Shareholders, 2,000,000 shares of Common Stock owned by the Shareholders. The number of shares to be sold by each Shareholder on the Redemption Date shall be determined by the Shareholders and provided to the Corporation in a writing signed by all of the Shareholders on or prior to January 2, 2002, in the form attached as Exhibit A.

2. CALCULATION AND PAYMENT OF REDEMPTION PRICE. On the Redemption Date, the Corporation shall pay to each Shareholder, in immediately available funds, the "Per Share Price" multiplied by the number of shares redeemed by the Corporation from that Shareholder on the Redemption Date. The "Per Share Price" shall mean Eighteen Dollars ($18.00) per Share. The aggregate amount payable to each Shareholder is referred to as the "Applicable Redemption Price."

3. TRANSFER OF OWNERSHIP OF SHARES. On or before the Redemption Date, each Shareholder selling shares hereunder shall deliver to the Corporation, at its address set forth in paragraph 12 hereof, the original stock certificate(s) representing the redeemed shares, duly endorsed in blank by that Shareholder, or accompanied by blank stock powers, in the manner required by the Corporation's transfer agent. Each Shareholder shall deliver such other documents and instruments reasonably required by the Corporation or its transfer agent to transfer the redeemed shares to the Corporation.

If any certificates evidencing shares of Common Stock are lost, stolen or destroyed, the Shareholder entitled to payment with respect to such Common Stock shall make and deliver an affidavit of lost certificate in form and substance acceptable to the Corporation and its transfer agent, and deliver such affidavit in lieu of the original stock certificate required above. In such event, the Corporation may, in its discretion and as a condition precedent to payment of the Applicable Redemption Price with respect thereto, require the Shareholder to indemnify the Corporation against any claim that may be made against it with respect to the lost, stolen or destroyed certificates(s) and to pay any required indemnity bond, as may be required by the transfer agent.

4. ADJUSTMENTS. If, between the date of this Agreement and the Redemption Date, the outstanding shares of Common Stock changes into a different number of shares or a different class of shares by reason of any stock split, split-up, reclassification, recapitalization, merger, consolidation, combination, exchange of shares, stock dividend or dividend payable in other securities, or any similar event has occurred, and the record date for such change is within that time period, the number of shares to be redeemed from each Shareholder pursuant to this Agreement and the Applicable Redemption Price shall be appropriately adjusted to provide to the holders thereof the same economic effect as contemplated by this Agreement prior to such event.

5. REPRESENTATIONS OF THE SHAREHOLDERS AT CLOSING. By executing and delivering the form attached hereto as Exhibit A, each Shareholder severally represents and warrants with respect to himself, herself or itself as follows, and covenants that the same shall be true as of the Redemption Date with respect to the shares of Common Stock to be redeemed on the Redemption Date:

(a) the Shareholder is the legal and beneficial owner of all of the shares of Common Stock to be sold and transferred by the Shareholder hereunder, free and clear of any and all liens, encumbrances and other charges;

(b) the Shareholder has good and marketable title to the shares of Common Stock to be sold and transferred by the Shareholder hereunder, and has full right to sell and transfer such shares to the Corporation;

(c) the Shareholder is not a party to any agreement, written or oral, creating rights in respect of any of the shares of Common Stock to be sold and delivered by the Shareholder hereunder;

(d) there are no existing warrants, options, stock purchase agreements, or restrictions of any nature relating to the shares of Common Stock to be sold and delivered by the Shareholder hereunder, and the Shareholder's performance hereunder will not conflict with or violate any agreement to which the Shareholder is a party or by which the Shareholder is bound; and

(e) this Agreement is a binding obligation of the Shareholder, enforceable against the Shareholder in accordance with its terms.

6. REPRESENTATIONS OF THE CORPORATION. The Corporation represents, warrants and covenants that:

(a) its execution and delivery of this Agreement has been duly authorized by requisite corporate action;

(b) the execution and delivery of this Agreement and performance of its obligations hereunder do not violate section 345 of the Michigan Business Corporation Act;

(c) it has obtained all consents, authorizations and waivers required to be obtained by it in order to execute and deliver this Agreement and perform its obligations hereunder, and it will timely make all filings and registrations that are required by law or contract to be made in connection herewith;

(d) this Agreement is a binding obligation of the Corporation, enforceable against it in accordance with its terms.

7. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties made hereunder shall survive the delivery of the shares redeemed hereunder.

8. CONDITIONS PRECEDENT TO CORPORATION'S OBLIGATIONS. It shall be a condition precedent to the Corporation's obligations hereunder with respect to any Shareholder that:

(a) the representations and warranties made by such Shareholder herein shall be true and correct on the Redemption Date as if made on and as of that date, and the tender of shares by such Shareholder on the Redemption Date shall be deemed an affirmation thereof; and

(b) on the Redemption Date, the Corporation shall not be in default, nor shall its performance of the transactions contemplated hereby cause a default, under any of the Corporation's loan documents or credit facilities.

9. CONDITIONS PRECEDENT TO SHAREHOLDERS' OBLIGATIONS. It shall be a condition precedent to each Shareholder's obligation hereunder that:

(a) the representations and warranties made by the Corporation herein shall be true and correct on the Redemption Date as if made on and as of that date, and the tender of the Applicable Redemption Price by the Corporation on the Redemption Date shall be deemed an affirmation thereof.

10. CONTINUING RIGHTS OF SHAREHOLDERS. Nothing in this Agreement shall affect any Shareholder's rights with respect to shares of Common Stock not yet redeemed hereunder, or any other shares of Common Stock owned, now or in the future, by such Shareholder, and each Shareholder shall continue to possess and have the right to exercise all rights of ownership with respect to such shares until redeemed pursuant hereto.

11. FURTHER ASSURANCES. Each party shall take whatever further action may become necessary or appropriate to carry out the intent and accomplish the purposes of this Agreement.

12. NOTICES. All demands and notices given hereunder will be sent by personal delivery or overnight express with a nationally recognized courier, addressed to the respective parties at the addresses set forth below, or to such other address for a party as that party may hereafter designate in writing to the other parties in the same manner:

If to the Corporation:

Universal Forest Products, Inc.
Attention: Matthew J. Missad
2801 East Beltline, NE
Grand Rapids, Michigan 49505

If to any Shareholder:

c/o Peter F. Secchia
2833 Bonnell, SE
Grand Rapids, Michigan 49506

With a copy to:

Stephen J. Mulder
Mika, Meyers, Beckett & Jones, PLC
200 Ottawa Avenue, Suite 700
Grand Rapids, Michigan 49503

13. BINDING EFFECT; ASSIGNABILITY. This Agreement shall be binding upon and inure to the benefit of the respective parties hereto, their legal representatives, successors, and assigns. This Agreement may not be assigned by any of the Shareholders or the Corporation.

14. REDEMPTION DATE. If the Redemption Date is not a Business Day, then the Redemption Date shall be the first Business Day following the scheduled Redemption Date. "Business Day" means any day on which banks are not required or authorized to close in the City of Grand Rapids, Michigan.

15. ENTIRE AGREEMENT. This Agreement may be amended only by a writing signed by each party affected thereby, expressly referring to this Agreement and stating that it is intended to amend this Agreement.

16. NON-WAIVER. No delay or failure by any party to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right, unless otherwise expressly provided herein.

17. HEADINGS. Headings in this Agreement are for convenience only and will not be used to interpret or construe is provisions.

18. GOVERNING LAW. This Agreement will be construed in accordance with and governed by the laws of the State of Michigan.

19. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will be one and the same instrument.

20. JOINT AND SEVERAL OBLIGATIONS. The mutual obligations of the Corporation and each Shareholder are included in one agreement for convenience only, and such obligations relating to one Shareholder shall not be affected by any change, circumstance or determination regarding such obligations relating to another Shareholder. The obligations of each Shareholder hereunder are not joint obligations, but are several obligations only.

21. THIRD PARTY BENEFICIARIES. The parties hereto intend that the Shareholders who are not named parties to this agreement shall be third-party beneficiaries of this agreement, and shall have the right to enforce this agreement as if named parties hereto, subject to performance of the obligations imposed on Shareholders hereunder.

IN WITNESS WHEREOF, the parties have signed this Agreement this 3rd day of December, 2001.

UNIVERSAL FOREST PRODUCTS, INC.

By /s/ Michael B. Glenn

Michael B. Glenn, its President

/s/ Peter F. Secchia

Peter F. Secchia, individually

PETER F. SECCHIA TRUST, U/A/D
AUGUST 27, 1990, AS AMENDED

By /s/ Peter F. Secchia

Peter F. Secchia, its Trustee

SECCHIA FAMILY LIMITED
PARTNERSHIP

By /s/ Peter F. Secchia

Peter F. Secchia, Trustee of the Peter F.
Secchia Trust, u/a/d August 27, 1990, as
amended, its Managing Partner

SIBSCO, L.L.C.

By /s/ Peter F. Secchia

Peter F. Secchia, its Managing Member

SECCHIA FAMILY FOUNDATION

By /s/ Peter F. Secchia

Peter F. Secchia, its President

EXHIBIT A
TO STOCK REDEMPTION AGREEMENT

Universal Forest Products, Inc.
2801 East Beltline, NE
Grand Rapids, Michigan 49505
Attention: Matthew J. Missad

Re: Exercise Notice

Pursuant to the terms of that certain Stock Redemption Agreement, dated December 3rd, 2001, between Universal Forest Products, Inc. and the undersigned Shareholders (the "Agreement"), the number of shares to be redeemed from each Shareholder is as follows:

PFS		shares
PFS Trust	800,000	shares
SFLP	560,410	shares
SIBSCO	100,000	shares
Foundation	400,000	shares
MWS Trust	40,000	shares
SRS Trust	20,000	shares
CNS Trust	40,000	shares
SVS Trust	28,000	shares
Grandma's Trust		shares
PFS-IRA	11,590	shares
Mark W. Secchia		shares
Stephanie R. Secchia		shares
Charles N. Secchia		shares
Sandra Secchia Aslanian		shares
TOTAL	2,000,000	shares

Each capitalized term used herein and not otherwise defined shall have the meaning ascribed to it in the Agreement.

This Notice may be executed in two or more counterparts, each of which will be deemed an original but all of which together will be one and the same instrument.

(Signatures on following two pages)

Dated as of: January 2, 2002

/s/ Peter F. Secchia

Peter F. Secchia, individually

PETER F. SECCHIA TRUST, U/A/D
AUGUST 27, 1990, AS AMENDED

By /s/ Peter F. Secchia

Peter F. Secchia, its Trustee

SECCHIA FAMILY LIMITED
PARTNERSHIP

By /s/ Peter F. Secchia

Peter F. Secchia, Trustee of the Peter F. Secchia Trust, u/a/d August 27, 1990, as amended, its Managing Partner

SIBSCO, L.L.C.

By /s/ Peter F. Secchia

Peter F. Secchia, its Managing Member

SECCHIA FAMILY FOUNDATION

By /s/ Peter F. Secchia

Peter F. Secchia, its President

/s/ Mark A. Schut

Mark A. Schut, Trustee of the Mark W. Secchia Trust u/a/d December 23, 1991, as amended, and the Stephanie R. Secchia Trust u/a/d December 23, 1991, as amended, and the Charles N. Secchia Trust u/a/d December 23, 1991, as amended, and the Sandra V. Secchia Trust u/a/d December 23, 1991, as amended

THE PIFFUSKIDS CHRISTMAS TRUST
FOR GRANDMA u/a/d December 23, 1987

By

Valerie Gail Secchia, Trustee

PFS - IRA

By /s/ L. L. Cannon

Its

/s/ Mark W. Secchia

Mark W. Secchia, individually

/s/ Stephanie R. Secchia

Stephanie R. Secchia, individually

/s/ Charles N. Secchia

Charles N. Secchia, individually

/s/ Sandra Secchia Aslanian

Sandra Secchia Aslanian, individually

EXHIBIT 13

Financial Information

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Selected Financial Data

(In thousands, except per share and statistics data.)

	2001	2000	1999	1998	1997
CONSOLIDATED STATEMENT OF EARNINGS DATA					
Net sales(1)	$1,530,353	$1,387,130	$1,432,601	$1,236,711	$1,064,194
Gross profit	211,479	187,013	178,387	145,973	93,372
Earnings before income taxes, minority interest and equity in earnings of investee	54,300	50,375	51,537	43,034	25,982
Net earnings	33,142	30,438	31,448	26,419	16,957
Diluted earnings per share	$ 1.63	$ 1.49	$ 1.48	$ 1.28	$ 0.93
Dividends per share	$ 0.085	$ 0.080	$ 0.075	$ 0.070	$ 0.065
Weighted average shares outstanding with common stock equivalents	20,377	20,477	21,186	20,613	18,234
CONSOLIDATED BALANCE SHEET DATA					
Working capital	$ 124,071	$ 120,321	$ 124,324	$ 99,559	$ 89,783
Total assets	551,209	485,320	468,638	419,795	229,383
Long-term debt and capital lease obligations	210,785	159,590	154,298	141,880	49,977
Shareholders' equity	230,862	235,769	214,562	191,583	115,898
STATISTICS					
Gross profit as a percentage of net sales(1)	13.8%	13.5%	12.4%	11.8%	8.8%
Net earnings as a percentage of net sales	2.2%	2.2%	2.2%	2.1%	1.6%
Return on beginning equity	14.1%	14.4%	16.6%	22.8%	16.8%
Current ratio	2.10	2.50	2.36	2.21	2.32
Debt to equity ratio	0.92	0.68	0.72	0.74	0.43
Book value per common share	$ 11.73	$ 12.02	$ 10.65	$ 9.29	$ 6.65

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(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.

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 an oversupply of product and tightened credit policies which have impacted our ability to achieve short-term performance objectives. 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.

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. Also, the repurchase of approximately $36 million of our stock from our largest shareholder may reduce the number and scope of our acquisitions in 2002.

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. See additional discussion below under the caption "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. 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 29, 2001, December 30, 2000 and December 25, 1999.

RANDOM LENGTHS COMPOSITE AVERAGE $/MBF			
	2001	2000	1999
January	$269	$ 386	$370
February	285	385	386
March	306	382	394
April	331	359	393
May	411	326	421
June	365	331	454
July	325	308	480
August	336	289	404
September	309	287	392
October	278	280	360
November	283	281	385
December	277	275	384
Annual average	$315	$ 324	$402
Annual percentage change	(2.8%)	(19.4%)	15.2%

In addition, a SYP composite price, prepared and used by our managers, is presented below. Sales of products produced using this species comprise up to fifty percent of our sales volume.

SYP COMPOSITE AVERAGE $/MBF	2001	2000	1999
January	$369	$ 488	$471
February	393	490	497
March	408	494	513
April	427	483	496
May	509	439	523
June	496	456	563
July	426	432	590
August	419	403	492
September	406	395	473
October	365	384	456
November	371	374	456
December	371	378	484
Annual average	$413	$ 435	$501
Annual percentage change	(5.1%)	(13.2%)	6.4%

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 trends of the Lumber Market impact our products differently.

Below is a general description of the different 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 changes in the price of component lumber products, we attempt to lock in prices 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 prices 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 set 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 over 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 level of inventory turnover.

In addition to the impact of Lumber Market trends on gross margins, changes in the level of the market causes 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 2001 and 2000 (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
P&R Truss Company, Inc. and P&R Truss-Sidney, Inc. (Collectively "P&R")	October 15, 2001	Facilities in Auburn, Chaffee, Hudson and Sidney, New York, which serve the site-built construction market.
Superior Truss Division of Banks Corporation ("Superior")	June 1, 2001	One facility in Syracuse, Indiana and one in Minneota, Minnesota which serve the site-built construction market.
Sunbelt Wood Components ("Sunbelt")	April 3, 2001	Facilities in New London, North Carolina; Haleyville, Alabama; Ashburn, Georgia; and Glendale, Arizona which serve the manufactured housing industry.
D&R Framing Contractors ("D&R")	February 28, 2001	One facility in Englewood, Colorado. -- Purchased 50% of the assets Framer serving the site-built construction market.
Gang-Nail Components, Inc. ("Gang-Nail")	June 5, 2000	One facility in Fontana, California. Manufacturer of engineered roof trusses for site-built construction market.

COMPANY NAME	ACQUISITION DATE	BUSINESS DESCRIPTION
ECJW Holdings, Inc. ("TED") -- Purchased 50% ownership interest................	April 17, 2000	Two subsidiaries located in London, Ontario, Canada. Thorndale Roof Systems, Inc. manufactures engineered roof trusses, and Edcor Floor Systems, Inc. is a licensed manufacturer of Open Joist 2000(TM).
-- Purchased remaining 50% interest................	March 5, 2001	

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 29, 2001	DECEMBER 30, 2000	DECEMBER 25, 1999
Net sales..	100.0%	100.0%	100.0%
Cost of goods sold...	86.2	86.5	87.6
Gross profit...	13.8	13.5	12.4
Selling, general, and administrative expenses..............	9.5	9.0	8.0
Earnings from operations...................................	4.3	4.5	4.4
Interest, net..	0.8	0.9	0.8
Earnings before income taxes, minority interest and equity in earnings of investee..................................	3.5	3.6	3.6
Income taxes...	1.3	1.4	1.4
Earnings before minority interest and equity in earnings of investee..	2.2	2.2	2.2
Minority interest..	0.0	0.0	0.0
Equity in earnings of investee.............................	0.0	0.0	0.0
Net earnings...	2.2%	2.2%	2.2%

NET SALES

We engineer, manufacture, treat and distribute lumber and other building products to the DIY/retail, site-built construction, manufactured housing, industrial and wholesale 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 and engineered wood 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					
MARKET CLASSIFICATION	DECEMBER 29, 2001	%	DECEMBER 30, 2000	%	DECEMBER 25, 1999	%
DIY/retail	$ 739,062	48.3	$ 660,275	47.6	$ 654,035	45.7
Site-Built Construction	308,795	20.2	243,874	17.6	213,567	14.9
Manufactured Housing	280,520	18.3	291,563	21.0	393,911	27.5
Industrial	125,917	8.2	119,417	8.6	94,612	6.6
Wholesale Lumber	76,059	5.0	72,001	5.2	76,476	5.3
Total	$1,530,353	100.0	$1,387,130	100.0	$1,432,601	100.0

- ------------------------
Note: In the second quarter of 2001, 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
2001 versus 2000	+10%	-3%	+13%
2000 versus 1999	-3%	-6%	+3%
1999 versus 1998	+16%	+4%	+12%

The increase in unit sales in 2001 was a result of significant increases in unit sales to the site-built construction, DIY/retail and industrial markets. Unit sales to the manufactured housing market remained relatively flat despite a 23.3% decline in industry shipments. The decrease in overall selling prices was attributable to the Lumber Market.

In 2000, the manufactured housing industry reported a 25.7% decline in shipments. A decrease in overall selling prices in 2000 was attributable to the Lumber Market. The increase in unit sales we experienced to the DIY/retail, industrial and site-built construction markets in 2000 was partially offset by a decrease in unit sales to the manufactured housing market of approximately 17%.

The following table presents, for the periods indicated, our percentage of value-added and commodity-based sales to total sales.

	VALUE-ADDED	COMMODITY-BASED
2001	48.4%	51.6%
2000	44.2%	55.8%
1999	40.8%	59.2%

The increase in our ratio of value-added sales to total sales in 2001 compared to 2000 is 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 roof trusses, I-joists and Open Joist 2000(TM) products to the site-built construction market, truss sales to the manufactured housing market and fencing and decking to the DIY/retail market.

The increase in our ratio of value-added sales to total sales in 2000 compared to 1999 is primarily due to a 5% increase in value-added sales while commodity-based sales decreased 9%. Value-added sales increased primarily due to increased unit sales of engineered roof trusses, I-joists and Open Joist 2000(TM) products to the site-built construction market and fencing to the DIY market. These increases were offset partially by a decline in truss sales to the manufactured housing 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 32.8% of our total sales and 67.9% of our DIY/retail sales in 2001.

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.

Net sales to the DIY/retail market increased 2% in 2000 compared to 1999 was primarily due to a 17% increase in sales to The Home Depot despite a decrease in overall selling prices caused by a decline in the Lumber Market (see "Historical Lumber Prices"). In addition, this increase in unit sales was partially offset by a decrease in sales to two customers due to a decline in their financial positions.

Site-Built Construction:

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.

Net sales to the site-built construction market increased 15% in 2000 compared to 1999 primarily due to the acquisitions of TED and Gang-Nail during the year 2000 (see "Business Combinations").

Manufactured Housing:

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 23.3% decline in industry shipments. Since the fourth quarter of 1999, our customers have been struggling with an oversupply of finished homes at the retail level, tightened credit conditions and an increase in repossessions. The industry appears to have reached its low point for production in 2001.

Net sales to the manufactured housing market decreased in 2000 compared to 1999 due to a decline in both unit sales and selling prices due to the deflated Lumber Market. Our unit sales decreased as customers struggled with market conditions. The Manufactured Housing Institute, in its December 2000 "Manufacturing Report" estimated that the number of finished homes shipped to retailers declined 25.7% from 1999 to 2000.

Industrial:

Net sales to the industrial market increased 5% 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 the continued efforts of our industrial sales personnel. 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.

Net sales to the industrial market increased 25% in 2000 compared to 1999 due to increased market share in several regions. Additional sales personnel focused exclusively on industrial sales, combined with the effects of re-directing sales efforts and manufacturing capacity at certain plants as a result of the downturn in the manufactured housing market, caused this increase.

COST OF GOODS SOLD AND GROSS PROFIT

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 higher margin, 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 market as activity in several regions softened.

Gross profit as a percentage of net sales increased in 2000 compared to 1999, primarily due to the following factors.

- - An increase in the ratio of value-added product sales to total sales due to increased sales of engineered wood products to the site-built construction market, specialty packaging products to the industrial market and fencing products to the DIY/retail market.

- - An increase in gross margins on certain products due to the low level of the Lumber Market throughout 2000 compared to 1999. The selling prices of many of our products are indexed to the Lumber Market along with a fixed dollar adder to cover conversion costs and profits. Therefore, in periods when the Lumber Market is low, the fixed adder will result in higher gross margins. See "Impact of the Lumber Market on Our Operating Results."

- - The above increases were offset by lower margins on sales to the manufactured housing market due to the effect of price competition and manufacturing inefficiencies resulting from lower volumes.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses ("SG&A") as a percentage of 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.

- - Losses on the sale or impairment of idle assets.

SG&A as a percentage of sales increased to 9.0% in 2000 compared to 8.0% in 1999, primarily due to an increase in selling and administrative headcount to support the growth of the business and to pursue strategic initiatives.

INTEREST, NET

Net interest costs were lower in 2001 compared to 2000. Although we had higher average debt levels due to acquisitions in 2001, this was offset by a substantial 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.

Net interest costs increased in 2000 compared to 1999, primarily due to higher average debt balances associated with share repurchases and acquisitions. Short-term borrowing rates on variable rate debt were also higher in 2000 compared to 1999. The average interest rate on our primary revolving credit facility was 7.1% and 5.9% for 2000 and 1999, respectively.

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 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 receipt of a tax credit we did not anticipate.

Our tax rate declined to 38.1% in 2000 from 38.7% in 1999 due to lower estimated state and local income taxes.

Liquidity and Capital Resources

Cash flows from operating activities increased in 2001 compared to 2000. This improvement was primarily due to:

- - Increased earnings, depreciation and amortization.

- - An increase in accrued liabilities due to increases in workers' compensation and medical reserves.

- - An increase in accounts payable was offset by an increase in accounts receivable. These changes resulted primarily from the timing of disbursements and receipts at year end.

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 decreased to 44 days in 2001 from 45 days in 2000. This decrease was primarily due to a 4 day decrease in our days supply of inventory resulting from better inventory management. This improvement was offset by an increase in our days sales outstanding due to increased sales to the site-built construction market, which has a longer receivables cycle.

Capital expenditures totaled $23 million in 2001. These expenditures consisted of several projects to improve efficiencies and expand manufacturing capacity at existing plants and $6 million in costs to acquire two new truss plants. On December 29, 2001, outstanding purchase commitments on capital projects totaled $1.7 million. We intend to satisfy these commitments utilizing our primary revolving credit facility.

We spent approximately $50 million in 2001 related to acquisitions which are discussed earlier under the caption "Business Combinations." We funded the purchase price of these acquisitions using our primary revolving credit facility. In November 2001, we agreed to purchase approximately $36 million of common stock from our largest shareholder. This transaction, which was completed in January 2002, is expected to reduce the level of acquisitions this year.

On December 29, 2001, we had $27 million outstanding on our $175 million primary revolving credit facility and $19 million Canadian ($12 million U.S.) outstanding on our $20 million Canadian revolving credit facility. Financial covenants on these facilities and senior unsecured notes include a minimum net worth requirement, minimum interest coverage tests and a maximum leverage ratio. We were within our requirements on December 29, 2001.

Environmental Considerations and Regulations

We are self-insured for environmental impairment liability and accrue for the estimated cost of monitoring or remediation activities. We own or operate 21 wood preserving facilities throughout the United States that treat lumber products with a chemical preservative. In accordance with applicable federal, state and local environmental laws, ordinances and regulations, we may be potentially liable for costs and expenses related to the environmental condition of our real property. We have established reserves for remediation activities at our North East, Maryland; Union City, Georgia; Stockertown, Pennsylvania; Elizabeth City, North Carolina; Auburndale, Florida; and Schertz, Texas facilities.

We have accrued, in other long-term liabilities, amounts totaling $2.4 million and $2.3 million on December 29, 2001 and December 30, 2000, respectively, for the activities described above. We believe the potential future costs of known remediation efforts will not have a material adverse effect on our future financial position, results of operations or liquidity.

For the past several years, the EPA has been conducting a scientific review of CCA, a wood preservative we use to extend the useful life of wood fiber, as part of its re-registration process and in response to allegations by certain environmental groups that CCA poses health risks. Recently, 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. The manufacturers will continue to produce CCA for use in various industrial, marine, and non-residential uses. This agreement will require us to change the preservative we use to one of several new alternatives over the next 20 months. We estimate that we will incur capital costs totaling approximately $1.5 million to convert our plants to the new alternative preservatives.

In addition, an environmental group petitioned the Consumer Products Safety Commission ("CPSC") to ban the use of CCA treated wood in playsets. 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 a recent 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 our Company. We have also been named as a defendant in a purported class action lawsuit in Louisiana, which contains similar allegations as the complaints against our customer. We intend to vigorously defend the complaint.

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.

PERFORMANCE 2002

In 1997, we announced our goals for growth and diversification entitled Performance 2002. The goals called for us to double our sales by the fiscal year ending 2002, while maintaining or achieving a leadership position in the four markets that consume the vast majority of softwood fiber in the United States. Since the announcement of our goals, the Lumber Market has declined 24.5%. In addition, in November 2001, we decided to re-direct financial resources from acquisitions, a key component of our growth strategy, to a 2 million share redemption from our largest shareholder for $36 million. We believe the share redemption provided the best potential return for our shareholders. While we are currently the leader in each of the markets we serve, as a result of the factors above, we do not believe we will reach our 2002 sales goal of $2 billion. By the end of 2002, we expect to resume our acquisition activities and pursue sales growth objectives.

DIY/RETAIL

Do-It-Yourself Retailing forecasts a 4.5% increase in total retail sales for home improvement retailers from 2001 to 2002. The consolidation within the DIY/retail industry is expected to continue in 2002 as top performers 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 offerings. Our goal is to continue to increase market share through business combinations and internal growth, with a continued emphasis on value-added products.

SITE-BUILT CONSTRUCTION MARKET

As a result of higher unemployment levels and other economic factors, we expect the site-built construction market to be "soft" for at least the first six months of this year. Accordingly, we expect continuing pressure on our sales volumes and margins in certain regions.

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. Some of these benefits include cost advantages through more efficient labor and better material utilization, faster home construction and improved product quality. In addition, consolidation toward large production-oriented builders, which tend to prefer the use of engineered products and who desire suppliers with a national presence, may provide us with growth opportunities.

MANUFACTURED HOUSING MARKET

Manufactured Home Merchandiser, in its January 2002 edition, forecasted an increase of industry shipments to retailers of over 3% in 2002. While there has been a prolonged downturn in this market, there is a consensus in the industry that there will be a slight improvement in manufactured home shipments in 2002. In addition, we expect to experience strong sales growth in our first quarter of 2002 as compared to 2001 due to our acquisition of Sunbelt Wood Components in April 2001.

INDUSTRIAL MARKET

One of our key strategic objectives is to increase our sales of wood packaging products to industrial users. 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 long-term growth opportunities. Our short-term growth objectives have been impacted by the slowing economy. On a long-term basis, we plan to continue to obtain market share through an internal growth strategy utilizing our current manufacturing capabilities and industrial sales force, while also continuing to evaluate strategic acquisitions.

GROSS PROFIT

We believe the following factors may impact our gross profits in the future:

- We have a long-term goal of increasing our ratio of value-added sales to total sales to 50%, which in turn should increase gross margins. Our acquisition and internal sales growth strategies will help us continue to make progress toward this objective. Achievement of this goal is dependent, in part, upon certain factors that are beyond our control. See the discussion above under the caption "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.

- 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. If consumer demand for the new preservatives is not as strong as the demand for CCA treated products, it could have a significant adverse impact on our results of operations. See "Environmental Considerations and Regulations."

- We expect activity in the site-built construction market to be "soft" for at least the first six months of 2002. This may cause pressure on pricing and gross margins in certain regions.

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, and costs associated with creating new national sales, marketing and manufacturing departments to execute key strategic initiatives. SG&A costs as a percentage of sales may continue to increase in the future as 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.

In July 2001, the Financial Accounting Standards Board issued SFAS No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). This statement changes the accounting and reporting for goodwill and other intangible assets. Upon adoption of this statement, goodwill will no longer be amortized, however tests for impairment will be performed annually or when a triggering event occurs. This statement applies to assets acquired after June 30, 2001, and existing goodwill and other intangible assets upon the adoption of SFAS 142, in fiscal 2002. Pre-tax amortization of goodwill was $3.6 million and $2.8 million for 2001 and 2000, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Management expects to spend between $22 million and $25 million on capital expenditures in 2002 and incur depreciation and amortization of approximately $23 million. Besides "maintenance" capital expenditures totaling approximately $17 million, we plan to spend an additional $6 million to expand the business, including a new truss plant in Massachusetts. We do not expect any significant acquisition activity for most of 2002 as a result of temporarily re-directing financial resources to the share redemption discussed above.

In recent sales negotiations with The Home Depot, we agreed to extend our payment terms by an additional 15 days. We expect this will increase our average accounts receivables by $20 million in 2002 ($35 million increase at our seasonal peak and $10 million increase at the low point). Our intention is to compensate for most of this increase through a combination of consigned inventory programs with vendors and other strategies for reducing working capital.

We have no present intention to change our current, semi-annual 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 3.9 million shares as of December 29, 2001. In January 2002, we purchased 2 million shares from our largest shareholder for $36 million.

We are obligated to pay amounts due on long-term debt totaling approximately $20.4 million in 2002, which includes a Canadian revolving credit facility with approximately $12.0 million outstanding ($19.0 million Canadian) as of December 29, 2001. We expect to renew this facility through January 2003.

We also have a $175 million revolving credit facility used to fund seasonal working capital requirements and growth. We believe our peak seasonal working capital requirements will consume up to $85 million of this availability through June of 2002 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 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 accompanying 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 each of the two fiscal years in the period 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 audits.

We conducted our audits 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 audits provide 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 each of the two fiscal years in the period 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 29, DECEMBER 30, NOTE 2001 2000 -------------------------------------- ASSETS CURRENT ASSETS: Cash and cash equivalents................................ $ 22,887 $ 2,392 Restricted cash equivalents.............................. 1,364 Accounts receivable (net of allowance for doubtful accounts of $1,803 and $1,340)......................... 86,256 64,386 Inventories: Raw materials... 41,061 41,885 Finished goods... 79,708 81,306 --------- -------- 120,769 123,191 Other current assets.................................... 2,546 2,236 Prepaid income taxes.................................... M 1,629 1,394 Deferred income taxes.................................. M 879 5,396 --------- -------- TOTAL CURRENT ASSETS................................... 234,966 200,359 OTHER ASSETS... F, K 11,585 11,392 GOODWILL AND NON-COMPETE AGREEMENTS (net of accumulated amortization of $14,004 and $9,761)... B, C 122,996 105,579 PROPERTY, PLANT AND EQUIPMENT: Land and improvements................................... E 41,188 35,934 Buildings and improvements............................... E 103,233 93,821 Machinery, equipment and office furniture................. E 139,704 120,834 Construction in progress................................ 2,758 6,069 --------- -------- 286,883 256,658 Less accumulated depreciation and amortization............ E (105,221) (88,668) --------- -------- PROPERTY, PLANT AND EQUIPMENT, NET...................... 181,662 167,990 --------- -------- TOTAL ASSETS... $ 551,209 $485,320 ========= ======== LIABILITIES AND SHAREHOLDERS' EQUITY CURRENT LIABILITIES: Short-term debt... $ 1,402 $ 1,270 Accounts payable... 46,862 35,589 Accrued liabilities: Compensation and benefits............................. L 34,029 29,423 Other... 8,187 4,973 Current portion of long-term debt and capital lease obligations... D, E 20,415 8,783 --------- -------- TOTAL CURRENT LIABILITIES.............................. 110,895 80,038 LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion.. D, E 154,370 150,807 DEFERRED INCOME TAXES..................................... M 9,580 9,092 OTHER LIABILITIES... F, N 9,502 9,614 COMMITMENTS AND CONTINGENCIES............................. N --------- -------- TOTAL LIABILITIES..................................... 284,347 249,551 TEMPORARY SHAREHOLDERS' EQUITY: Value of shares subject to redemption agreement; 2,000,000 shares issued and outstanding......................... G 36,000 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, 17,787,860 and 19,719,114....... G,H,I,J 17,788 19,719 Additional paid-in capital.............................. G,H,J 80,994 79,800 Retained earnings....................................... 132,677 136,645 Accumulated other comprehensive earnings.................. 558 860 --------- -------- 232,017 237,024 Officers' stock notes receivable......................... J (1,155) (1,255) --------- -------- TOTAL SHAREHOLDERS' EQUITY............................. 230,862 235,769 --------- -------- TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.................. $ 551,209 $485,320 ========= ========

See notes to consolidated financial statements.

Consolidated Statements of Earnings

(In thousands, except per share data.)

	NOTE	YEAR ENDED DECEMBER 29, 2001	DECEMBER 30, 2000	DECEMBER 25, 1999
NET SALES		$1,530,353	$1,387,130	$1,432,601
COST OF GOODS SOLD	E, L	1,318,874	1,200,117	1,254,214
GROSS PROFIT		211,479	187,013	178,387
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	C,E,H,K,L	145,722	124,391	115,589
EARNINGS FROM OPERATIONS		65,757	62,622	62,798
INTEREST, NET:				
Interest expense	D	12,043	12,804	11,853
Interest income	J	(586)	(557)	(592)
		11,457	12,247	11,261
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE		54,300	50,375	51,537
INCOME TAXES	M	19,612	19,218	19,955
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE		34,688	31,157	31,582
MINORITY INTEREST		(1,792)	(750)	(701)
EQUITY IN EARNINGS OF INVESTEE		246	31	567
NET EARNINGS		$ 33,142	$ 30,438	$ 31,448
EARNINGS PER SHARE -- BASIC		$ 1.68	$ 1.52	$ 1.52
EARNINGS PER SHARE -- DILUTED		$ 1.63	$ 1.49	$ 1.48
WEIGHTED AVERAGE SHARES OUTSTANDING		19,774	20,086	20,637
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS		20,377	20,477	21,186

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(In thousands, except share and per share data.)

ACCUMULATED ADDITIONAL OTHER
OFFICERS' COMMON PAID-IN RETAINED
COMPREHENSIVE STOCK NOTES STOCK
CAPITAL EARNINGS EARNINGS RECEIVABLE
TOTAL -----------------------------

----------- BALANCE AT DECEMBER 26,
1998............. $20,710 $77,526 $
95,221 $(1,072) $ (802) $191,583
Comprehensive earnings: Net
earnings........................
31,448 Foreign currency translation
adjustment........................
2,105 Total comprehensive
earnings......... 33,553 Cash
dividends -- $.075 per share......
(1,539) (1,539) Issuance of 177,789
shares under employee stock
plans................. 178 764 942
Issuance of 2,134 shares under stock
grant
programs....................... 2 38
40 Repurchase of 677,801
shares........... (678) (9,803)
(10,481) Tax benefits from non-
qualified stock options
exercised.................... 297
297 Payments received on officers'
stock notes
receivable..................... 167
167 ------- ------- -------- -------
------- -------- BALANCE AT DECEMBER
25, 1999............. $20,212
$78,625 $115,327 $ 1,033 $ (635)
$214,562 Comprehensive earnings: Net
earnings........................
30,438 Foreign currency translation
adjustment........................
(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) (7,515)
(8,150) Tax benefits from non-
qualified stock options
exercised.................... 5 5
Issuance of officers' stock notes
receivable..........................
60 740 (800) 0 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 Foreign currency translation
adjustment........................
(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) (1,427)
(1,536) Tax benefits from non-
qualified stock options
exercised.................... 316
316 Transfer to temporary

equity........... (2,000) (34,000)
(36,000) 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 ======= ======= ========
======= ======= ========

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(In thousands.)

	NOTE	YEAR ENDED DECEMBER 29, 2001	DECEMBER 30, 2000	DECEMBER 25, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net earnings		$ 33,142	$ 30,438	$ 31,448
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation	E	20,101	17,659	14,885
Amortization of non-compete agreements and goodwill	B, C	4,375	3,803	3,270
Deferred income taxes	M	4,587	237	(774)
Loss on sale or impairment of property, plant and equipment		1,445	422	489
Changes in: Accounts receivable		(11,753)	14,134	(7,300)
Inventories		10,051	13,001	(23,136)
Accounts payable		9,891	(12,099)	7,870
Accrued liabilities and other		6,217	(590)	5,776
NET CASH FROM OPERATING ACTIVITIES		78,056	67,005	32,528
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment		(22,748)	(29,436)	(35,418)
Acquisitions, net of cash received	B	(49,534)	(32,557)	
Proceeds from sale of property, plant and equipment		2,497	1,040	2,247
Advances on notes receivable		(886)	(500)	(139)
Collection of notes receivable		945	432	3,431
Restricted cash equivalents		1,364	(1,364)	
Purchases of other assets		(132)	(306)	(87)
NET CASH FROM INVESTING ACTIVITIES		(68,494)	(62,691)	(29,966)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net borrowings (repayments) of notes payable and revolving credit facilities	D	23,129	4,090	(5,056)
Proceeds from issuance of long-term debt	D	2,500	7,045	27,502
Repayment of long-term debt	D	(10,697)	(7,888)	(10,744)
Proceeds from issuance of common stock	H, I	870	480	942
Distributions to minority shareholder		(1,650)		
Dividends paid to shareholders		(1,683)	(1,605)	(1,539)
Repurchase of common stock	H	(1,536)	(8,150)	(10,481)
NET CASH FROM FINANCING ACTIVITIES		10,933	(6,028)	624
NET CHANGE IN CASH AND CASH EQUIVALENTS		20,495	(1,714)	3,186
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		2,392	4,106	920
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 22,887	$ 2,392	$ 4,106

Consolidated Statements of Cash Flows (continued)
(In thousands.)

YEAR ENDED -----------------------------------
--------------- DECEMBER 29, DECEMBER 30,
DECEMBER 25, NOTE 2001 2000 1999 ---------------

SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:
Cash paid during the year for:
Interest...
D $ 12,303 $ 12,721 $ 11,760 Income
taxes.................................... M
14,911 17,369 20,746 NON-CASH INVESTING
ACTIVITIES: Property, plant and equipment
acquired through capital
leases.................................. E 247
220 255 Officers' stock notes
receivable.................... J 800 NON-CASH
FINANCING ACTIVITIES: Accounts receivable
exchanged for a note
receivable.......................................
441

See notes to consolidated financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

We engineer, manufacture, treat and distribute lumber products for the do-it-yourself/retail ("DIY/retail"), site-built construction, manufactured housing, industrial and wholesale 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 our 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 mouldings and related products. Pinelli operates out of one facility in Durango, Durango, Mexico. We exchanged $3.0 million for our share of the outstanding common stock of Pinelli, and account 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 in January 2002.

At the time of acquisition, we advanced $3.2 million to Pinelli for working capital purposes in exchange for a note receivable. On December 29, 2001, approximately $1.8 million was outstanding on this note.

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.

FISCAL YEAR

Our fiscal year is a 52 or 53 week period, ending on the last Saturday of December. Unless otherwise stated, references to 2001, 2000 and 1999 relate to the fiscal years ended December 29, 2001, December 30, 2000 and December 25, 1999, respectively. Fiscal years 2001 and 1999 were comprised of 52 weeks, and fiscal year 2000 was comprised of 53 weeks.

FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 107, Disclosures about Fair Value of Financial Instruments, the estimated fair values of financial instruments have been determined by us; 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 29, 2001. 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 $18.8 million and $11.0 million as of December 29, 2001 and December 30, 2000, respectively.

RESTRICTED CASH EQUIVALENTS

Unexpended proceeds from certain borrowings, that are restricted as to use, have been excluded from cash and cash equivalents.

INVENTORIES

Inventories are stated at the lower of average cost or market. 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. 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

The financial statements of our foreign operations are translated into U.S. dollars at current rates of exchange, with gains or losses included as a separate component of shareholders' equity.

SELF-INSURANCE

We are partially self-insured for general liability, workers' compensation, and certain employee health benefits. We are fully self-insured for environmental. The general, workers' compensation and environmental liabilities are managed through a wholly-owned insurance captive; the related assets and liabilities are included in the financial statements at December 29, 2001. 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 ALLOWANCE FOR DOUBTFUL ACCOUNTS

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 accrue for bad debt expense based on our history of accounts receivable write-offs to sales. 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 $1,412,000, $1,531,000 and $858,000, for 2001, 2000 and 1999, 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.

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 in (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):

	2001			2000			1999		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
NET EARNINGS...............	$33,142			$30,438			$31,448		
EPS -- BASIC Income available to common stockholders.............	33,142	19,774	$1.68	30,438	20,086	$1.52	31,448	20,637	$1.52
EFFECT OF DILUTIVE SECURITIES Options.....................		603			391			549	
EPS -- DILUTED Income available to common stockholders and assumed options exercised........	$33,142	20,377	$1.63	$30,438	20,477	$1.49	$31,448	21,186	$1.48

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.

LONG-LIVED ASSETS

The Company evaluates the recoverability of its long-lived assets by determining whether unamortized balances can 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 is less than the carrying value of the assets, an impairment loss is recognized for the excess of the carrying value over the fair value. The estimated fair value is determined by discounting the expected future cash flows at a rate that would be required for a similar investment with like risks.

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, Accounting for the Impairment and Disposal of Long-Term 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 also amends Accounting Research Bulletin ("ARB") No. 51, Consolidated Financial Statements. 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. SFAS 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001. We do not expect the impact of adopting this standard to be significant.

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 1999 and 2000 consolidated financial statements to conform to the classifications used in 2001.

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 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 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, New York. The total purchase price was approximately $21.0 million, and allocated $10.4 million to net assets acquired, $0.7 million to identifiable intangibles (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, Indiana and Minneota, Minnesota which serve the site-built construction market. 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 include operations in New London, North Carolina; Haleyville, Alabama; Ashburn, Georgia; and Glendale, Arizona which serve the manufactured housing market. The total purchase price for the assets was approximately $7.8 million. Sunbelt had net sales in fiscal 2000 totaling approximately $63 million.

On February 28, 2001, one of our subsidiaries acquired 50% of the assets of D&R Framing Contractors ("D&R") of Englewood, Colorado for approximately $7.6 million. D&R had net sales in fiscal 2000 totaling approximately $44 million.

On June 5, 2000, Universal Truss, Inc. ("UTI"), one of our wholly-owned subsidiaries acquired substantially all of the assets and assumed certain liabilities of Gang-Nail Components, Inc. ("Gang-Nail") of Fontana, California, a manufacturer of engineered roof trusses. The total purchase price for the net assets was approximately $29.4 million. Gang-Nail had net sales in fiscal 1999 totaling approximately $41 million.

On April 17, 2000, one of our subsidiaries acquired 50% of the stock of ECJW Holdings, Inc. and its two subsidiaries, Thorndale Roof Systems, Inc. and Edcor Floor Systems, Inc. (collectively "TED"), which are located in London, Ontario, Canada. Thorndale Roof Systems, Inc. manufactures engineered roof trusses for residential and light commercial building applications. Edcor Floor Systems, Inc. is a licensed manufacturer of the patented Open Joist 2000(TM) web floor truss system. The total purchase price for the stock of TED was approximately $3.2 million. In fiscal 1999, TED had net sales totaling approximately $15 million. On March 2, 2001, our subsidiary acquired the remaining 50% of the stock of ECJW Holdings. The purchase price for this remaining 50% was approximately $3.5 million.

The following unaudited pro forma consolidated results of operations for the years ended December 29, 2001 and December 30, 2000 assumes the acquisitions of P&R, Superior, D&R, TED, and Gang-Nail occurred as of the beginning of the periods presented (in thousands, except per share data).

	YEAR ENDED DECEMBER 29, 2001	YEAR ENDED DECEMBER 30, 2000
Net sales	$1,559,756	$1,489,708
Net earnings	$ 34,739	$ 34,156
Earnings per share:		
Basic	$ 1.76	$ 1.70
Diluted	$ 1.70	$ 1.67
Weighted average shares outstanding		
Basic	19,774	20,086
Diluted	20,377	20,477

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, proforma results are not meaningful.

C. GOODWILL AND OTHER INTANGIBLE ASSETS

In July 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). This statement changes the accounting and reporting for goodwill and other intangible assets. Upon adoption of this statement, goodwill will no longer be amortized, however tests for impairment will be performed annually or when a triggering event occurs. This statement applies to assets acquired after June 30, 2001, and existing goodwill and other intangible assets upon the adoption of SFAS 142, in fiscal 2002. Pre-tax amortization of goodwill was $3.6 million, $2.8 million and $1.5 million for 2001, 2000 and 1999, respectively.

D. DEBT

On November 13, 1998, we completed a five-year, $175 million revolving credit facility which includes amounts reserved for letters of credit. Borrowings under the revolver are charged interest at a rate of 50 basis points over the applicable Eurodollar rate. The average rates on these borrowings in 2001 and 2000 were 4.7% and 7.1%, respectively. The amounts outstanding under the revolving credit facility are included in the long-term debt summary below.

On November 30, 2000, we completed a revolving credit facility totaling $20 million Canadian. The facility expires on March 1, 2002, and we expect to renew it for an additional one year term. Borrowings under the revolver are currently charged interest at a rate of 75 basis points over the bankers acceptance rate. The amount outstanding under the facility is included in the long-term debt summary below.

Outstanding letters of credit extended on our behalf aggregated $25.5 million on December 29, 2001, which includes approximately $14.6 million related to Industrial Development Revenue Bonds.

Long-term debt and capital lease obligations are summarized as follows on December 29, 2001 and December 30, 2000 (amounts in thousands):

	2001	2000
Senior unsecured notes, $5,714,000 due annually commencing May 1998 through May 2004, interest due semi-annually at 7.15%	$ 17,143	$ 22,857
Series 1998-A Senior Notes Tranche C, due on December 21, 2008, interest payable semi-annually at 6.98%	19,000	19,000
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 A, due on December 21, 2005, interest payable semi-annually at 6.69%	21,500	21,500
Revolving credit facility totaling $175 Million due on November 13, 2003, interest due monthly at a floating rate (2.41% on December 29, 2001)	26,883	10,300
Revolving credit facility totaling $20 million Canadian, due on January 1, 2002, interest due monthly at a floating rate (2.93% on December 29, 2001)	11,974	6,433
Series 1998 Industrial Development Revenue Bonds, due on December 1, 2018, interest payable monthly at a floating rate (2.10% on December 29, 2001)	1,300	1,300
Series 1999 Industrial Development Revenue Bonds, due on July 1, 2029, interest payable monthly at a floating rate (2.06% on December 29, 2001)	2,400	2,400
Series 1999 Industrial Development Revenue Bonds, due on August 1, 2029, interest payable monthly at a floating rate (1.94% on December 29, 2001)	3,300	3,300
Series 2000 Industrial Development Revenue Bonds, due on March 1, 2025, interest payable monthly at a floating rate		1,800
Series 2000 Industrial Development Revenue Bonds, due on October 1, 2020, interest payable monthly at a floating rate (2.16% on December 29, 2001)	2,700	2,700
Series 2000 Industrial Development Revenue Bonds, due on November 1, 2020, interest payable monthly at a floating rate (2.09% on December 29, 2001)	2,400	2,400
Series 2001 Industrial Development Revenue Bonds, due on November 1, 2021, interest payable monthly at a floating rate (1.49% on December 29, 2001)	2,500	
Capital lease obligations, interest imputed at rates ranging from 7.25% to 8.00%	2,581	3,548
Notes payable under non-compete agreements, interest imputed at a rate of 7.0%		268
Other	1,604	2,284
	174,785	159,590
Less current portion	20,415	8,783
Long-term portion	$154,370	$150,807

The terms of the revolving credit facilities and senior unsecured note agreements (collectively the "agreements") require, in part, us to maintain a minimum net worth and comply with certain financial ratios. The agreements also restrict the amount of additional indebtedness we may incur and the amount of assets which may be sold.

On December 29, 2001, the principal maturities of long-term debt and capital lease obligations are as follows (in thousands):

2002	$ 20,415
2003	33,007
2004	5,916
2005	21,702
2006	195
Thereafter	93,550
	$174,785

On December 29, 2001, the estimated fair value of our long-term debt, including the current portion, was $175,846,000, which was $1,061,000 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 approximated the carrying value.

E. LEASES

Leased property included in the balance sheet on December 29, 2001 and December 30, 2000 is as follows (in thousands):

	2001	2000
Land and improvements	$ 19	$ 19
Buildings and improvements	161	161
Machinery and equipment	3,335	3,390
	3,515	3,570
Less accumulated amortization	(559)	(502)
	$2,956	$3,068

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 noncancellable leases on December 29, 2001 are as follows (in thousands):

	CAPITAL LEASES	OPERATING LEASES	TOTAL
2002	$2,516	$ 6,859	$ 9,375
2003	94	5,248	5,342
2004	63	4,037	4,100
2005	68	2,424	2,492
2006	63	866	929
Subsequent		178	178
Total minimum lease payments	2,804	$19,612	$22,416
Less imputed interest	(223)		
Present value of minimum lease payments	$2,581		

Rent expense was approximately $11,193,000, $9,238,000 and $6,939,000 in 2001, 2000 and 1999 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 our stock. Assets held by the Plan totaled approximately $1,878,000 and $1,982,000 on December 29, 2001 and December 30, 2000, respectively, and are included in "Other Assets." Related liabilities totaled $3,131,000 and $3,039,000 on December 29, 2001 and December 30, 2000, 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 Chairman of the Board for the future redemption of 2 million shares of our outstanding stock at a price of $18 per share. The cost of the redemption will be funded by our revolving credit facilities.

The shares subject to the agreement have been classified on the balance sheet under temporary equity. At 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 2001 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 1,552 shares, 400 shares and 275 shares of stock under this Plan in 2001, 2000 and 1999, 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"). The Stock Purchase Plan allows eligible employees to purchase shares of our stock at a share price equal to 90% of fair market value on the purchase date. In 2001, 2000 and 1999, 12,264 shares, 19,664 shares and 17,789 shares, respectively, were issued under this Plan for amounts totaling approximately $183,000, $227,000 and $301,000, 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 $300,000 and $247,000 on December 29, 2001 and December 30, 2000, 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 2001, 2000 and 1999, we issued 1,500 shares, 1,700 shares and 1,800 shares, respectively, and recognized the market value of the shares on the date of issuance as an expense.

On April 22, 1997, the shareholders approved the Long Term Stock Incentive Plan (the "1997 Plan") to succeed our 1994 Employee Stock Option Plan. The 1997 Plan reserved a maximum of 1,100,000 shares, and provided for the granting of incentive stock options, reload options, stock appreciation rights, restricted stock, performance shares and other stock-based awards. The term of the Plan was ten years. In 1999, we granted incentive stock options for 231,161 shares under the 1997 Plan.

On April 28, 1999, the shareholders approved the Long Term Stock Incentive Plan (the "1999 Plan") to succeed 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 incentive 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 2001 and 2000, we granted incentive stock options for 390,597 shares and 505,934 shares, respectively. On December 29, 2001, a total of 2,731,174 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 2001, 2000 and 1999, we repurchased 109,482 shares, 635,411 shares and 677,801 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.

Stock purchased under the Employee Stock Purchase Plan is purchased at a price equal to 90% of fair market value on the purchase date.

As permitted under SFAS No. 123, Accounting for Stock-Based Compensation, ("SFAS 123"), we continue to apply the provisions of APB Opinion No. 25 which recognizes compensation expense under the intrinsic value method. Had compensation cost for the stock options granted and stock purchased in 2001, 2000 and 1999 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):

	2001	2000	1999
Net Earnings: As Reported	$33,142	$30,438	$31,448
Pro Forma	$31,771	$29,790	$30,897
EPS -- Basic: As Reported	$ 1.68	$ 1.52	$ 1.52
Pro Forma	$ 1.61	$ 1.48	$ 1.50
EPS -- Diluted: As Reported	$ 1.63	$ 1.49	$ 1.48
Pro Forma	$ 1.56	$ 1.45	$ 1.46

Options were granted in 2000 and 1999 at exercise prices which 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 grant. Options to purchase 80,000 shares were granted in 1999 with a weighted average exercise price of $29.25 per share and a weighted average fair market price of $20.02 on the date of the grant. No options were granted in 2001 with exercise prices which exceeded the market prices on the date of grant.

The fair value of each option granted in 2001, 2000 and 1999 is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

	2001	2000	1999
Risk Free Interest Rate	4.6%	6.2%	6.2%
Expected Life	4.5 years	6.1 years	9.0 years
Expected Volatility	26.62%	27.09%	27.75%
Expected Dividend Yield	0.40%	0.40%	0.40%

Stock option activity since the end of 1998 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 26, 1998	1,382,538	$ 9.59	
Granted	256,161	$22.74	$7.14
Exercised	(160,000)	$ 4.00	
Forfeited	(161,184)	$10.97	
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	

The following table summarizes information concerning options on December 29, 2001 (there are no options exercisable on December 29, 2001):

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE
$4.25 - $10.00	370,000	3.72
$10.01 - $14.00	502,001	4.32
$14.01 - $18.00	410,185	4.35
$18.01 - $25.00	319,548	5.27
$25.01 - $36.01	110,000	10.27
	1,711,734	

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 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 ranges from fixed rates of seven to eleven percent per annum and a variable rate of the prime rate less 10% (minimum 6%, maximum 12%). On December 29, 2001, payments on the notes are due as follows (in thousands):

2002	$ 50
2003	87
2004	57
2005	61
2006	188
Thereafter	712
	$1,155

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 $8,700,000 and we are the beneficiary. We also maintain an officer's life insurance policy on the Chairman with a death benefit of $1,300,000. The cash surrender value on these policies on December 29, 2001 and December 30, 2000 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 $682,000, $546,000 and $1,548,000 in 2001, 2000 and 1999, respectively. In addition, we matched 50% of employee contributions in 2001 and 2000, and 25% in 1999, on a discretionary basis, totaling $1,838,000, $1,706,000 and $717,000 in 2001, 2000 and 1999, respectively. The basis for matching contributions may not exceed the lesser of 6% of the employee's annual compensation or $10,500.

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 $586,000, $509,000 and $522,000 in 2001, 2000 and 1999, respectively.

M. INCOME TAXES

Income tax provisions for the years ended December 29, 2001, December 30, 2000, and December 25, 1999 are summarized as follows (in thousands):

	2001	2000	1999
Currently payable:			
Federal	$12,801	$16,688	$18,049
State and local	1,385	1,781	2,455
Foreign	421	505	225
	14,607	18,974	20,729
Net Deferred:			
Federal	4,430	(263)	301
State and local	447	(189)	115
Foreign	128	696	(1,190)
	5,005	244	(774)
	$19,612	$19,218	$19,955

The effective income tax rates are different from the statutory federal income tax rates for the following reasons:

	2001	2000	1999
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local taxes (net of federal benefits)	2.2	2.1	3.2
Foreign subsidiary adjustments			(1.6)
Goodwill	1.1	1.2	1.1
Effect of minority owned interest in earnings of D&R	(0.9)		
Other, net	(1.3)	(0.2)	1.0
Effective income tax rate	36.1%	38.1%	38.7%

We have no present intention of remitting undistributed earnings of certain foreign subsidiaries aggregating $6,210,000 on December 29, 2001 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 $1,035,000 would have been required.

Temporary differences which give rise to deferred tax assets and (liabilities) on December 29, 2001 and December 30, 2000 are as follows (in thousands):

	2001	2000
Employee benefits	$ 4,483	$ 3,554
Foreign subsidiary net operating loss	253	548
Depreciation	(11,104)	(11,117)
Inventory	257	389
Accrued expenses	661	2,814
All other, net	(2,592)	116
	$ (8,042)	$ (3,696)
Valuation allowance	(659)	--
	$ (8,701)	$ (3,696)

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 AND CONTINGENCIES

We are self-insured for environmental impairment liability and accrue an expense for the estimated cost of required remediation actions when situations requiring such action arise. 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. Remediation activities are currently being conducted or planned at our North East, Maryland; Union City, Georgia; Stockertown, Pennsylvania; Elizabeth City, North Carolina; Auburndale, Florida; and Schertz, Texas wood preservation facilities.

We have accrued, in "Other Liabilities," amounts totaling approximately $2.4 million and $2.3 million on December 29, 2001 and December 30, 2000, respectively, representing the estimated costs to complete remediation efforts currently in process and those expected to occur in the future. The accrued costs include operating ground water reclamation wells, estimated costs of chemical treatments and consultant fees.

For the past several years, the EPA has been conducting a scientific review of CCA, a wood preservative we use to extend the useful life of wood fiber, as part of its re-registration process and in response to allegations by certain environmental groups that CCA poses health risks. Recently, 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. The manufacturers will continue to produce CCA for use in various industrial, marine, and non-residential uses. This agreement will require us to change the preservative we use to one of several new alternatives over the next 20 months. We estimate that we will incur capital costs totaling approximately $1.5 million to convert our plants to the new alternative preservatives.

In addition, an environmental group petitioned the Consumer Products Safety Commission ("CPSC") to ban the use of CCA treated wood in playsets. 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 a recent 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 our Company. We have also been named as a defendant in a purported class action lawsuit in Louisiana, which contains similar allegations as the complaints against our customer. We intend to vigorously defend the complaint. In addition, various lawsuits and claims, including those involving ordinary routine litigation incidental to our business, to which we are a party, are pending, or have been asserted, against us. Although the outcome of these matters cannot be predicted with certainty, and some of them may be disposed of unfavorably to us, management has no reason to believe that their disposition will have a material adverse effect on our consolidated financial position, operating results or liquidity.

On December 29, 2001, we had outstanding purchase commitments on capital projects totaling $1.7 million.

O. DERIVATIVE AND HEDGING ACTIVITIES

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. In June 1999, the FASB issued SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective date of FASB Statement No. 133. In June 2000, the FASB issued SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of SFAS 133.

Based on the revised effective date, we adopted SFAS 133, as amended, effective December 31, 2000 (the first day of our fiscal year ending December 29, 2001). The adoption of SFAS 133 did not have a significant impact on our financial position or results of operations because we do not have significant derivative activity.

P. 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 2001, 2000 and 1999, 33%, 32% and 26% of net sales, respectively, were to a single customer.

Information regarding principal geographic areas was as follows (in thousands):

	2001		2000		1999	
	NET SALES	LONG-LIVED TANGIBLE ASSETS	NET SALES	LONG-LIVED TANGIBLE ASSETS	NET SALES	LONG-LIVED TANGIBLE ASSETS
United States................	$1,483,110	$172,407	$1,339,851	$161,773	$1,392,161	$146,719
Foreign......................	47,243	20,840	47,279	17,609	40,440	13,230
Total........................	$1,530,353	$193,247	$1,387,130	$179,382	$1,432,601	$159,949

Sales generated in Canada 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
2001..	48.4%	51.6%
2000..	44.2%	55.8%
1999..	40.8%	59.2%

Value added product sales consist of fencing, decking, lattice and other specialty products sold to the DIY/retail market, specialty wood packaging and engineered wood 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.

Q. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth selected financial information for all of the quarters during the years ended December 29, 2001 and December 30, 2000 (in thousands, except per share data):

	FIRST		SECOND		THIRD		FOURTH	
	2001	2000	2001	2000	2001	2000	2001	2000
Net sales(1).........	$284,069	$303,551	$485,153	$430,695	$431,861	$370,555	$329,270	$282,329
Gross profit.........	43,119	40,411	66,397	57,298	56,182	48,927	45,781	40,377
Net earnings.........	4,977	6,081	14,238	12,917	9,808	8,148	4,119	3,292
Diluted earnings per share..............	0.25	0.30	0.70	0.63	0.48	0.40	0.20	0.16

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(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.

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 2001 FISCAL 2000

	HIGH	LOW
Fourth Quarter	21.500	16.163
Fourth Quarter	14.000	10.750
Third Quarter	22.948	14.118
Third Quarter	16.125	11.500
Second Quarter	22.449	13.491
Second Quarter	14.000	11.000
First Quarter	15.433	12.944
First Quarter	14.875	10.625

There were approximately 5,200 shareholders of record as of March 1, 2002.

In 2001, we paid dividends on our common stock of $.040 per share in June and $.045 per share in December. In 2000, we paid dividends on our common stock of $.040 per share in June and $.040 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.

John C. Canepa
Consulting Principal
Crowe Chizek and Company, LLP

John W. Garside
Chairman
Woodruff Coal Company

Philip M. Novell
Consultant
Compass Group

Louis A. Smith
President
Smith and Johnson, Attorneys, P.C.

Caroll M. Shoffner
(term expires April 2002)
Chairman
Shoffner Industries, LLC

OPERATIONS OFFICERS

Robert K. Hill
President
Universal Forest Products
Western Division, Inc.

Robert D. Coleman
Executive Vice President
Manufacturing
Universal Forest Products, Inc.

Philip E. Rogers
Executive Vice President
Sales and Marketing
Universal Forest Products, 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 L. James
Vice President
Site-Built
Universal Forest Products
Eastern Division, 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

Shareholder Information

NOTICE OF ANNUAL MEETING

The annual meeting of
Universal Forest Products,(R) Inc. will be held at 8:00 a.m.
on April 17, 2002, at the Amway Grand Plaza Hotel,
Pearl and Monroe, Grand Rapids, Michigan.

SHAREHOLDER INFORMATION

Shares of the Company's stock are traded under the symbol UFPI on the NASDAQ Stock Market. The Company's 10-K report filed with the Securities and Exchange Commission will be provided free of charge to any shareholder upon written request. For more information, contact:

Investor Relations Department
Universal Forest Products,(R) Inc.
2801 East Beltline, NE
Grand Rapids, MI 49525
Telephone: (616) 364-6161
Web: www.ufpi.com

SECURITIES COUNSEL

Varnum, Riddering, Schmidt &
Howlett, Grand Rapids, Michigan

INDEPENDENT ACCOUNTANTS

Arthur Andersen LLP,
Grand Rapids, Michigan

TRANSFER AGENT/ SHAREHOLDER'S INQUIRIES

American Stock Transfer & Trust Company serves as the transfer agent for the Corporation. Inquiries relating to stock transfers, changes of ownership, lost or stolen stock certificates, changes of address and dividend payments should be addressed to:

American Stock Transfer & Trust Co.
59 Maiden Lane
New York, NY 10005
Telephone: (718) 921-8210

UNIVERSAL FOREST PRODUCTS,(R) INC.

Corporate Headquarters
2801 East Beltline, NE
Grand Rapids, MI 49525
Telephone: (616) 364-6161
Facsimile: (616) 361-7534

FACILITY LOCATIONS:
Arlington,TX
Ashburn, GA
Auburn, NY
Auburndale, FL
Belchertown, MA
Bend, OR (2)
Blanchester, OH
Bunn, NC
Burlington, NC
Calgary, Alberta, Canada
Chaffee, NY
Chandler, AZ
Chesapeake, VA
Clinton, NY
Conway, SC
Dallas, NC
Denver, CO
Durango, Durango,
Mexico
Eastaboga, AL
Eatonton, GA
Elizabeth City, NC
Elkhart, IN
Emlenton, PA
Englewood, CO
Fishersville, VA
Folkston, GA
Fontana, CA
Georgetown, DE
Gordon, PA
Grandview, TX
Granger, IN
Haleyville, AL
Hamilton, OH
Harrisonville, MO
Hohenwald,TN (2)
Hope, AR
Hudson, NY
Hutchinson, MN
Janesville, WI
Jefferson, GA
Kyle, TX
LaColle, Quebec, Canada
Lafayette, CO (2)
Liberty, NC
Lodi, OH (2)
Minneota, MN
Moultrie, GA
New London, NC
New Waverly, TX
New Windsor, MD
Ocala, FL
Ooltewah, TN
Parker, PA
Pearisburg, VA
Ranson, WV
Riverside, CA
Saginaw, TX
Salisbury, NC
San Antonio, TX
Sanford, NC
Santee, SC
Schertz, TX
Sidney, NY
Silsbee, TX
Stockertown, PA
Stockton, CA
Syracuse, IN
Thorndale, Ontario, Canada
Union City, GA
Warrens, WI
Warrenton, NC
Windsor, CO
Westville, IN
Woodburn, OR

EXHIBIT 21

LIST OF REGISTRANT'S SUBSIDIARIES AND AFFILIATES

1. Universal Forest Products Eastern Division, Inc., a Michigan Corporation.

2. Universal Forest Products Western Division, Inc., a Michigan Corporation.

3. Shoffner Holding Company, Inc., a Michigan Corporation.

4. Universal Forest Products Shoffner LLC, a Michigan Limited Liability Company.

5. Consolidated Building Components, Inc., a Pennsylvania Corporation.

6. Universal Forest Products of Canada, Inc., a Canadian Corporation.

7. Universal Forest Products Mexico Holdings, S. de R.L. de C.V., a Mexican Corporation.

8. Nascor Incorporated, a Canadian Corporation (57% owned).

9. Universal Truss, Inc., a Michigan Corporation.

10. Pinelli Universal, S. de R.L. de C.V., a Mexican Corporation (45% owned).

11. Universal Forest Products - FSC, Inc., a Barbados Corporation.

12. Universal Forest Products Holding Company, Inc., a Michigan Corporation.

13. D&R Framing Contractors, L.L.C., a Michigan Limited Liability Company (50% owned).

14. Nascor Structures, Inc., a Nevada Corporation.

15. UFP Real Estate, Inc., a Michigan Corporation.

16. Universal Forest Products Nova Scotia ULC, a Canadian Corporation.

17. ECJW Holdings Ltd., a Canadian Corporation.

18. Universal Forest Products Canada Limited Partnership.

19. Universal Forest Products Indiana Limited Partnership.

20. Universal Forest Products Texas Limited Partnership.

21. Euro-Pacific Building Materials, Inc., an Oregon Corporation.

22. Universal Forest Products Reclamation Center, Inc., a Michigan Corporation.

23. Syracuse Real Estate, L.L.C., a Michigan Limited Liability Company.

24. Universal Consumer Products, Inc., a Michigan Corporation.

25. UFP Insurance Ltd., an exempted company organized under the laws of Bermuda.

EXHIBIT 23(a)

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated January 25, 2002 incorporated by reference in this Form 10-K, into Universal Forest Products, Inc.'s previously filed Registration Statement Nos. 333-60630, 33-81128, 33-81116, 33-84632 and 33- 81450 on Form S-8 and Registration Statement No. 333-75278 on Form S-3.

/s/ Arthur Andersen LLP
ARTHUR ANDERSEN LLP
Grand Rapids, Michigan
March 27, 2002

EXHIBIT 23(b)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-81128, 33-81116, 33-84632, 33-81450 and 333-60630 of Universal Forest Product, 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 29, 2001.

/s/ Deloitte & Touche LLP
DELOITTE & TOUCHE LLP
Grand Rapids, Michigan
March 27, 2002

EXHIBIT 99

March 27, 2002

Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549

RE: Letter to Commission Pursuant to Temporary Note 3T

Ladies and Gentlemen:

Pursuant to Temporary Note 3T to Article 3 of Regulation S-X, Arthur Andersen, LLP ("Andersen") has represented to us, by letter dated March 27, 2002, that its audit of the financial statements of Universal Forest Products, Inc., for the period ended December 29, 2001, was subject to Andersen's quality control system for the U.S. accounting and auditing practice to provide reasonable assurance that the engagement was conducted in compliance with professional standards, that there was appropriate continuity of Andersen personnel working on the audit, availability of national office consultation and availability of personnel at foreign affiliates of Andersen to conduct the relevant portions of the audit.

Very truly yours,

/s/ Michael R. Cole
Michael R. Cole
Chief Financial Officer
Universal Forest Products, Inc.