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

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 29, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 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 Number)

2801 East Beltline NE, Grand Rapids, Michigan	49525
(Address of principal executive offices)	(Zip Code)

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

NONE
(Former name or former address, if changed since last report.)

Indicate by check mark 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 the number of shares of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of July 15, 2002
Common stock, no par value	17,909,004

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UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)

(in thousands, except share data)

	June 29, 2002	December 29, 2001
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 18,020	$ 22,887
Accounts receivable (net of allowance for doubtful accounts of $2,137 and $1,803)	178,017	86,256
Inventories:		
Raw materials	46,920	41,061
Finished goods	91,079	79,708
	137,999	120,769
Other current assets	3,425	5,054
TOTAL CURRENT ASSETS	337,461	234,966
OTHER ASSETS	6,334	11,585
GOODWILL	120,569	119,550
NON-COMPETE AND LICENSING AGREEMENTS (net of accumulated amortization of $1,965 and $3,644)	5,014	3,446
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment	303,622	286,883
Accumulated depreciation and amortization	(114,945)	(105,221)
PROPERTY, PLANT AND EQUIPMENT, NET	188,677	181,662
TOTAL ASSETS	$ 658,055	$ 551,209
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	$ 2,001	$ 1,402
Accounts payable	90,904	46,862
Accrued liabilities:		
Compensation and benefits	31,063	34,029
Other	18,732	8,187
Current portion of long-term debt and capital lease obligations	19,025	20,415
TOTAL CURRENT LIABILITIES	161,725	110,895
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	219,675	154,370
DEFERRED INCOME TAXES	10,315	9,580
OTHER LIABILITIES	14,865	9,502
TOTAL LIABILITIES	406,580	284,347
TEMPORARY SHAREHOLDERS' EQUITY:		
Value of shares subject to redemption agreement; 2,000,000 shares issued and outstanding		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, 17,906,447 and 17,787,860	17,906	17,788
Additional paid-in capital	81,913	80,994
Retained earnings	152,782	132,677
Accumulated other comprehensive earnings	275	558
	252,876	232,017
Officers' stock notes receivable	(1,401)	(1,155)
TOTAL SHAREHOLDERS' EQUITY	251,475	230,862
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 658,055	$ 551,209

See notes to consolidated condensed financial statements.

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(Unaudited)

(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
NET SALES	$ 504,944	$ 485,153	$ 846,600	$ 769,222
COST OF GOODS SOLD	436,321	418,756	726,700	659,706
GROSS PROFIT	68,623	66,397	119,900	109,516
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	41,345	38,869	79,143	71,142
EARNINGS FROM OPERATIONS	27,278	27,528	40,757	38,374
OTHER EXPENSE (INCOME):				
Interest expense	3,047	3,539	5,955	6,738
Interest income	(52)	(245)	(165)	(317)
Gain on sale of assets	(1,082)		(1,082)	
	1,913	3,294	4,708	6,421
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	25,365	24,234	36,049	31,953
INCOME TAXES	9,400	9,179	13,373	12,035
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE	15,965	15,055	22,676	19,918
MINORITY INTEREST	(611)	(794)	(1,240)	(861)
EQUITY IN EARNINGS (LOSS) OF INVESTEE		(23)		158
REPORTED NET EARNINGS	$ 15,354	$ 14,238	$ 21,436	$ 19,215
ADD: Goodwill amortization, net of tax		761		1,457
ADJUSTED NET EARNINGS	$ 15,354	$ 14,999	$ 21,436	$ 20,672
REPORTED EARNINGS PER SHARE - BASIC	$ 0.86	$ 0.72	$ 1.19	$ 0.97
ADD: Goodwill amortization, net of tax		0.04		0.07
ADJUSTED EARNINGS PER SHARE - BASIC	$ 0.86	$ 0.76	$ 1.19	$ 1.05
REPORTED EARNINGS PER SHARE - DILUTED	$ 0.82	$ 0.70	$ 1.14	$ 0.95
ADD: Goodwill amortization, net of tax		0.04		0.07
ADJUSTED EARNINGS PER SHARE - DILUTED	$ 0.82	$ 0.74	$ 1.14	$ 1.02
WEIGHTED AVERAGE SHARES OUTSTANDING	17,884	19,792	18,047	19,753
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,705	20,388	18,865	20,315

See notes to consolidated condensed financial statements.

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)

	Six Months Ended	
	June 29, 2002	June 30, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 21,436	$ 19,215
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	11,322	9,498
Amortization of intangibles	587	2,180
(Gain) loss on sale or impairment of PP&E	(949)	38
Changes in:		
Accounts receivable	(89,290)	(68,218)
Inventories	(15,194)	(21,951)
Accounts payable	43,027	36,701
Accrued liabilities and other	9,347	9,909
NET CASH FROM OPERATING ACTIVITIES	(19,714)	(12,628)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(13,481)	(17,924)
Purchase of licensing agreement	(2,000)	
Acquisitions, net of cash received	(359)	(21,559)
Proceeds from sale of property, plant and equipment	2,545	399
Other	1,094	512
NET CASH FROM INVESTING ACTIVITIES	(12,201)	(38,572)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings of notes payable and revolving credit facilities	71,827	67,600
Repayment of long-term debt	(7,557)	(9,038)
Proceeds from issuance of common stock	716	783
Distributions to minority shareholder	(585)	
Dividends paid to shareholders	(806)	(792)
Repurchase of common stock	(36,547)	(1,255)
NET CASH FROM FINANCING ACTIVITIES	27,048	57,298
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,867)	6,098
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,887	2,392
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 18,020	$ 8,490
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 5,973	$ 6,554
Income taxes	2,308	2,434
NON-CASH INVESTING ACTIVITIES:		
Note payable issued in exchange for non-compete agreements	$ 216	
Stock exchanged for officers' notes receivable	300	

See notes to consolidated condensed financial statements.

A. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated condensed financial statements (the "Financial Statements") include our accounts and those of our wholly-owned and majority-owned subsidiaries and partnerships, and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, the Financial Statements do not include all of the information and footnotes normally included in the annual consolidated financial statements prepared in accordance with generally accepted accounting principles. All significant intercompany transactions and balances have been eliminated. The equity method of accounting is used for our less than 50% owned affiliates.

In our opinion, the Financial Statements contain all material adjustments necessary to present fairly our consolidated financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature. These Financial Statements should be read in conjunction with the consolidated financial statements, and footnotes thereto, included in our Annual Report to Shareholders on Form 10-K for the fiscal year ended December 29, 2001.

Certain reclassifications have been made to the Financial Statements for 2001 to conform to the classifications used in 2002.

B. COMPREHENSIVE INCOME

Comprehensive income consists of net income and foreign currency translation adjustments. Comprehensive income was approximately $15.0 million and $14.6 million for the quarters ended June 29, 2002 and June 30, 2001, respectively. During the six months ended June 29, 2002 and June 30, 2001, comprehensive income was approximately $21.2 million and $19.3 million, respectively.

C. EARNINGS PER COMMON SHARE

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):

	Three Months Ended 06/29/02			Three Months Ended 06/30/01		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
NET EARNINGS	$15,354			$14,238		
EPS - BASIC						
Income available to common stockholders	15,354	17,884	$0.86	14,238	19,792	$0.72
EFFECT OF DILUTIVE SECURITIES						
Options		821			596	
EPS - DILUTED						
Income available to common stockholders and assumed options exercised	$15,354	18,705	$0.82	$14,238	20,388	$0.70

	Six Months Ended 06/29/02			Six Months Ended 06/30/01		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
NET EARNINGS	$21,436			$19,215		
EPS - BASIC						
Income available to common stockholders	21,436	18,047	$1.19	19,215	19,753	$0.97
EFFECT OF DILUTIVE SECURITIES						
Options		818			562	
EPS - DILUTED						
Income available to common stockholders and assumed options exercised	$21,436	18,865	$1.14	$19,215	20,315	$0.95

Options to purchase 110,000 shares of common stock at exercise prices ranging from $26.49 to $36.01 were outstanding at June 29, 2002, but were not included in the computation of diluted EPS for the quarter and six months ended June 29, 2002 because the options' exercise prices were greater than the average market price of the common stock during the period and, therefore, would be antidilutive.

D. GOODWILL AND OTHER INTANGIBLE ASSETS

Effective December 30, 2001 (the first day of our fiscal year ending December 28, 2002), we adopted Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). This statement changed the accounting and reporting for goodwill and other intangible assets. Goodwill is no longer amortized, however tests for impairment are performed annually or when a triggering event occurs. Impairment is defined as a fair market value less than the carrying value of the asset on the financial statements. SFAS 142 requires that we test all goodwill for impairment within six months of implementation. We tested for impairment by utilizing the discounted cash flow method, as well as comparing the results to other widely acceptable valuation methods, none of which resulted in impairment of goodwill.

Estimated amortization expense for intangible assets as of June 29, 2002 for each of the succeeding fiscal years is as follows:

Remaining 2002	$499
2003	997
2004	997
2005	997
2006	928
Thereafter	596

E. LONG-LIVED ASSETS

Effective December 30, 2001, we adopted SFAS No. 144, Accounting for the Impairment and Disposal of Long-Lived Assets ("SFAS 144"). SFAS 144 superceded SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of ("SFAS 121"), and the accounting and reporting provisions of the Accounting Principles Board 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 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. The impact of adopting this statement has not been significant to our financial statements.

F. BUSINESS COMBINATIONS

On January 15, 2002, one of our subsidiaries acquired an additional 5% interest in Pinelli- Universal S. de R.L. de C.V. ("Pinelli"), increasing our ownership to 50%. The purchase price for the additional 5% was approximately $0.9 million. As a result of this transaction, we began consolidating the results of Pinelli in the 2002 financial statements. In 2001, we accounted for Pinelli under the equity method.

On April 10, 2002, one of our subsidiaries acquired certain assets and entered into an exclusive licensing agreement with Inno-Tech Plastics, Inc. ("Inno-Tech"), which operates one facility in Springfield, IL. The total purchase price for these assets was approximately $4.1 million. Inno-Tech had net sales in fiscal 2001 totaling approximately $1.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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.

RISK FACTORS

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 tightened credit policies. Significant lenders who previously provided financing to consumers of these products and industry participants have either restricted credit or exited the market. A continued shortage of financing to this industry could adversely affect our operating results. Our ability to achieve growth in sales and margins to the site-built construction market is somewhat dependent on housing starts. If housing starts decline significantly, our financial results could be negatively impacted.

We are witnessing consolidation by our customers. These consolidations will result in a larger portion of our sales being made to some customers and may limit the customer base we are able to serve.

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 cost 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 six months ended June 29, 2002 and June 30, 2001:

	Random Lengths Composite Average $/MBF	
	2002	2001
January	$297	$269
February	317	285
March	339	306
April	323	331
May	312	411
June	302	365
Second quarter average	$312	$369
Year-to-date average	$315	$328
Second quarter percentage decrease from 2001	(15.5%)	
Year-to-date percentage decrease from 2001	(4.0%)	

In addition, a SYP composite price, which we prepare and use, is presented below. Sales of products produced using this species comprise up to 50% of our sales volume.

	Random Lengths SYP Average $/MBF	
	2002	2001
January	$410	$369
February	434	393
March	464	408
April	457	427
May	408	509

June	383	496
Second quarter average	$416	$477
Year-to-date average	$426	$434
Second quarter percentage decrease from 2001	(12.8%)	
Year-to-date percentage decrease from 2001	(1.8%)	

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 annual 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

On January 15, 2002, one of our subsidiaries acquired an additional 5% interest in Pinelli-Universal S. de R.L. de C.V. ("Pinelli"), increasing our ownership to 50%. The purchase price for the additional 5% was approximately $0.9 million. As a result of this transaction, we began consolidating the results of Pinelli in the 2002 financial statements. In 2001, we accounted for Pinelli under the equity method.

On April 10, 2002, one of our subsidiaries acquired certain assets and entered into an exclusive licensing agreement with Inno-Tech Plastics, Inc. ("Inno-Tech"), which operates one facility in Springfield, IL. The total purchase price for these assets was approximately $4.1 million. Inno-Tech had net sales in fiscal 2001 totaling approximately $1.3 million.

RESULTS OF OPERATIONS

The following table presents, for the periods indicated, the components of our Consolidated Condensed Statements of Earnings as a percentage of net sales.

	For the Three Months Ended		For the Six Months Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	86.4	86.3	85.8	85.8
Gross profit	13.6	13.7	14.2	14.2
Selling, general, and administrative expenses	8.2	8.0	9.3	9.2
Earnings from operations	5.4	5.7	4.9	5.0
Interest, net	0.6	0.7	0.7	0.8
Gain on sale of assets	(0.2)	0.0	(0.1)	0.0
Earnings before income taxes, minority interest and equity in earnings (loss) of investee	5.0	5.0	4.3	4.2
Income taxes	1.9	1.9	1.6	1.6
Earnings before minority interest and equity in earnings (loss) of investee	3.1	3.1	2.7	2.6
Minority interest	(0.1)	(0.2)	(0.2)	(0.1)
Equity in earnings (loss) of investee	0.0	(0.0)	0.0	0.0
Reported net earnings	3.0	2.9	2.5	2.5
Add: Goodwill amortization, net of tax	0.0	0.2	0.0	0.2
Adjusted net earnings	3.0%	3.1%	2.5%	2.7%

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.

	For the Three Months Ended				For the Six Months Ended			
Market Classification	June 29, 2002	%	June 30, 2001	%	June 29, 2002	%	June 30, 2001	%
DIY/Retail	$265,359	52.5%	$271,305	55.9%	$412,590	48.7%	$398,998	51.9%
Site-Built Construction	88,901	17.6	81,773	16.9	157,385	18.6	143,500	18.7
Manufactured Housing	80,850	16.0	74,618	15.4	148,047	17.5	124,104	16.1
Industrial	45,737	9.1	34,202	7.0	84,890	10.0	62,679	8.1
Wholesale Lumber	24,097	4.8	23,255	4.8	43,688	5.2	39,941	5.2
Total	$504,944	100.0%	$485,153	100.0%	$846,600	100.0%	$769,222	100.0%

Net sales in the second quarter of 2002 increased 4.1%, compared to the second quarter of 2001, resulting from an increase in units shipped of approximately 6%. Overall selling prices decreased as a result of the Lumber Market (see Historical Lumber Prices). Net sales in the first six months of 2002 increased 10.1% compared to last year due to an increase in units shipped. Overall selling prices remained flat comparing the two periods.

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

	Three Months Ended		Six Months Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Value-Added	47.7%	45.4%	49.7%	47.2%
Commodity-Based	52.3%	54.6%	50.3%	52.8%

Value-added sales increased 9.2% and 15.6% in the second quarter and first six months of 2002, respectively, primarily due to increased sales of engineered wood products. Commodity-based sales remained flat during the second quarter, and increased 5.3% during the first six months.

DIY/Retail:

Net sales to the DIY/retail market decreased 2.2% in the second quarter of 2002 compared to 2001. This decrease was primarily due to an $11 million decrease in sales to our largest customer, offset by a $6 million increase in sales from acquiring the assets of P&R Truss Company, Inc. ("P&R") on October 15, 2001. P&R is a manufacturer of engineered wood products used in site-built construction and sells through retail channels.

Net sales to the DIY/retail market increased 3.4% in the first six months of 2002 compared to 2001 primarily due to the acquisition of P&R.

Site-Built Construction:

Net sales to the site-built construction market increased 8.7% and 9.7% in the second quarter and first six months of 2002, respectively, compared to the same periods of 2001. These increases were due to increased unit sales as a result of operations acquired in 2001 combined with organic growth in several regions.

Manufactured Housing:

Net sales to the manufactured housing market increased 8.4% and 19.3% in the second quarter and first six months of 2002, respectively, compared to the same periods of 2001. Industry shipments decreased 6% for the second quarter and were down 2% for the first six months. We increased our market share by acquiring certain assets of the Sunbelt Wood Components Division of Kevco, Inc. on April 3, 2001.

Industrial:

Net sales to the industrial market increased 33.7% and 35.4% in the second quarter and first six months of 2002, respectively, compared to the same periods of 2001. Sales in our existing facilities increased approximately 20% in both periods. The remaining increase in sales was due to the consolidation of Pinelli in our operating results in 2002. See "Business Combinations."

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales decreased slightly in the second quarter and first six months of 2002 compared to the same period of 2001. This decrease was primarily due to a sudden drop in lumber prices which adversely impacted our sales of commodity-based products not covered under managed inventory programs. As previously discussed, a decline in the trend of lumber prices adversely impacts margins on products with selling prices indexed to the Lumber Market. This was significantly offset by margin gains in our site-built market and an increase in sales of other value-added products.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses as a percentage of sales increased to 8.2% and 9.3% in the second quarter and first six months of 2002, respectively, compared to 8.0% and 9.2% in the same periods of 2001, respectively. On a pro forma basis, excluding amortization of goodwill in 2001, the second quarter and first six months percentages were 7.8% and 9.0%, respectively. These increases were primarily due to reduced selling prices resulting from the decline in the Lumber Market in the second quarter of 2002.

INTEREST, NET

Net interest costs were lower in the second quarter and first six months of 2002 compared to the same period of 2001. Although we had a higher average debt balance as a result of increased working capital and the repurchase of shares from our largest shareholder, this was offset by a decrease in short-term borrowing rates on variable rate debt.

GAIN ON SALE OF ASSETS

During the second quarter, we sold our corporate airplane and recognized a gain of $1.1 million on the sale.

INCOME TAXES

Our effective tax rate was 37.1% in the second quarter of 2002 compared to 37.9% in the same period of 2001, and 37.1% in the first six months of 2002 compared to 37.7% in the same period of 2001. Effective tax rates differ from statutory federal income tax rates, primarily due to provisions for state and local income taxes and permanent tax differences. The decreases in our effective tax rate are a result of no longer amortizing goodwill which resulted in a permanent tax difference in 2001.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows used in operating activities increased in the first six months of 2002 compared to the same period of 2001. This was primarily due to an increase in receivables resulting from longer payment terms with our largest customer.

Due to the seasonality of our business and the effects of the Lumber Market, we believe our cash cycle (days sales outstanding plus days supply of inventory less days payables outstanding) is a good indicator of our working capital management. Our cash cycle increased to 46 days in the first six months of 2002 from 44 days in the first six months of 2001, primarily due to a longer receivables cycle resulting from extended payment terms with our largest customer (mentioned above). This was partially offset by a reduction in the days supply of inventory.

Capital expenditures totaled $13.5 million in the first six months of 2002 compared to $17.9 million in the same period of 2001. Our capital expenditures during the second quarter of 2002 primarily consisted of several projects to improve efficiencies and expand manufacturing capacity at existing plants. We expect to spend approximately $11.5 million on capital expenditures for the balance of 2002, which includes outstanding purchase commitments on capital projects totaling approximately $3.8 million on June 29, 2002. We intend to satisfy these commitments utilizing our revolving credit facilities.

In January 2002, we spent approximately $36 million to purchase 2 million shares from our largest shareholder. We funded the purchase price using our revolving credit facilities. On June 29, 2002, we had $98.0 million outstanding on our $175 million revolving credit facility and $19.4 million Canadian ($12.8 million U.S.) outstanding on our $25 million Canadian revolving credit facility. We also have $25 million available on a short-term revolving credit facility obtained in the first quarter, which expires August 2002. Financial covenants on our revolving credit facilities and senior unsecured notes include a minimum net worth requirement, a minimum interest coverage test and a maximum leverage ratio. We were within our requirements at June 29, 2002.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

We are self-insured for environmental impairment liability and accrue for the estimated cost of monitoring or remediation activities. As of August 1, 2002, 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, MD; Union City, GA; Stockertown, PA; Elizabeth City, NC; Auburndale, FL; and Schertz, TX facilities. Since we have determined that we will no longer operate the North East, MD facility as a wood preservation location, we have begun the process of closing the conditioning pad. This process will be completed in accordance with applicable regulations during the third quarter of 2002.

We have accrued in other long-term liabilities amounts totaling $2.4 million on June 29, 2002 and December 29, 2001 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. The review is part of the EPA's re- registration process and is designed, in part, 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 prior to December 31, 2003. 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 its February 2002 press release concluded that there isn't any reason to remove or replace any CCA treated structures, including decks or playground equipment.

We have been requested by a major 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. While our customer has charged us for certain expenses incurred in the defense of these claims, we have not formally accepted liability for these costs. We, along with many others in the industry, have also been named as a defendant in a separate purported class action lawsuit in Louisiana, which contains similar allegations as the complaints against our customer. While we do not believe the plaintiffs in this case are entitled to relief, we intend to vigorously defend this complaint.

In addition, various special interest environmental groups have petitioned certain states requesting restrictions on the use or disposal of CCA treated products. The wood preservation industry trade groups are working with the individual states and their regulatory agencies to provide an accurate, factual background which demonstrates that the present method of uses and disposal is scientifically supported. As with all of the above cases, we have placed our vendors and our insurers on notice that we will seek indemnity and defense costs from them.

UNIVERSAL FOREST PRODUCTS, INC.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.

(a) None.

(b) None.

(c) Sales of equity securities in the second quarter not registered under the Securities Act.

	Date of Sale	Class of Stock	Number of Shares	Purchasers	Consideration Exchanged
Stock Gift Program	Various	Common	144	Eligible persons	None
Stock Option Exercises	Various	Common	120,000	Eligible officers	$599,974

UNIVERSAL FOREST PRODUCTS, INC.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

The following matters were voted upon at our Annual Meeting of Shareholders on April 17, 2002.

(1) Election of the following Directors for three year terms expiring in 2005:

	For	Withheld
Louis A. Smith	14,390,936	65,046
John C. Canepa	14,389,562	66,420

However, Mr. Canepa is only allowed to serve until December 31, 2002, the end of the year in which he reaches age 72.

Other Directors whose terms of office continued after the meeting are as follows:

William G. Currie
John W. Garside
Philip M. Novell
Peter F. Secchia

(2) Proposal to approve the 2002 Employee Stock Purchase Plan:

For:	13,732,292
Against:	410,478
Abstain:	15,379

Item 6. Exhibits and Reports on Form 8-K.

(a) None.

(b) Reports on Form 8-K.

During the second quarter, we filed three reports on Form 8-K, each dated May 20, 2002, to report changes in our certifying accountant under Item 4.

SIGNATURES

Pursuant to the requirements 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.

UNIVERSAL FOREST PRODUCTS, INC.

Date: August 2, 2002

By: /s/ William G. Currie
William G. Currie
Its: Vice Chairman of the Board and Chief Executive Officer

Date: August 2, 2002

By: /s/ Michael R. Cole
Michael R. Cole
Its: Chief Financial Officer