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 26, 1998.

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 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 by check mark 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. [ ]

As of March 1, 1999, 20,715,500 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 $248,981,932 computed at the closing price of $20.125 on that date.

Documents incorporated by reference:

(1) Certain portions of the Company's Annual Report to Shareholders for the fiscal year ended December 26, 1998 are incorporated by reference into Part II of this Report.

(2) Certain portions of the Company's Proxy Statement for its 1999 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 26, 1998

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PART I

ITEM 1. BUSINESS.

(A) GENERAL DEVELOPMENT OF THE BUSINESS.

Universal Forest Products(R), Inc., and its wholly-owned and majority-owned subsidiaries and affiliates ("the Company") manufactures, treats and distributes lumber products for the do-it-yourself (DIY), manufactured housing, industrial and site-built construction markets. The Company currently operates 66 manufacturing and treating facilities throughout the United States, Canada and Mexico.

Universal Forest Products(R), Inc. was organized as a Michigan corporation in 1955. The Company's business originally consisted of purchasing lumber in carload lots from primary producers and reselling those carloads mostly to manufacturers of mobile and modular homes, without any intermediate handling. In the early 1970's, producers of manufactured housing were experiencing supply and inventory difficulties as a result of the deterioration of railroad service and rapidly increasing interest rates. The Company's management recognized these customer-experienced problems as an opportunity. As a result, the Company developed a "component yard" concept that featured distribution facilities with manufacturing capabilities located on major rail routes in close proximity to its clustered manufactured housing customers. Carload shipments of lumber were received at these regional facilities where the material was either broken down and shipped to customers without further processing, or manufactured to the customer's specifications before shipment to the customer by truck. The component yard concept helped the Company's customers reduce materials management problems, control their inventory and labor costs and conserve capital. As the component yard concept evolved, the Company began to manufacture roof trusses for its manufactured housing customers. The Company believes it was the first truss supplier to employ a full-time staff of engineers who assist customers with truss designs, help obtain various building code approvals for these designs and facilitate the development of new products and manufacturing techniques. As consequence, the Company's sales to the manufactured housing industry grew rapidly through the 1970's and 1980's. Today, the Company is the largest manufacturer of roof trusses for manufactured homes in the nation.

In order to further enhance growth opportunities, the Company entered the wood preservation business in 1979. The Company utilizes a pressure-treatment process for protecting wood from damage by insects and fungi in outdoor applications. The expansion into this product line led to the manufacture of a variety of products, primarily for landscaping, deck and fence construction. These products were originally sold to conventional lumberyards and small lumberyard chains. When the warehouse-format mass merchandisers such as Home Depot became strong retail outlets for the DIY market in the late 1980's, the Company was well positioned to capture the business of these retailers. By virtue of the geographic dispersal of its regional facilities and its prior experience with the flexibility required for the delivery of mixed truckloads of products on a just-in-time basis, the Company possessed the abilities demanded by the DIY retailers. The Company has grown to become the number one supplier of lumber related products to the DIY market.

In the mid-1980's, management began to recognize opportunities in the industrial market. The Company manufactures pallets, crating stock and specialty packaging for large industrial manufacturers and agricultural customers. These products may be manufactured from the by-product of other manufactured products, providing the Company with a profitable way of expanding its business while increasing its raw material yields. In 1998, the Company completed the following business acquisitions to expand its market presence:

- - On April 14, 1998, a subsidiary of the Company acquired substantially all of the assets and assumed certain liabilities of Atlantic General Packaging, Inc. ("AGP"), a manufacturer of specialty wood packaging products. AGP operates one facility in Warrenton, North Carolina. The total purchase price for the net assets of AGP was comprised of cash totaling approximately $1.0 million, a note payable of $857,000, and 57,950 shares of the Company's common stock. AGP had net sales in fiscal 1997 totaling $4 million.

- - On June 4, 1998, a subsidiary of the Company acquired substantially all of the assets of Industrial Lumber Company, Inc. ("ILC"), a distributor of low grade cut lumber for packaging. The total purchase price for the net assets of ILC was comprised of cash totaling approximately $3.0 million and notes payable totaling $2.2 million. ILC had net sales in fiscal 1997 totaling $15 million.

Beginning in December of 1997, the Company added another market to its business, the site-built construction market, through five strategic business acquisitions. The Company acquired manufacturers of engineered wood products, which consist of roof and floor trusses, wall panels and I-joists. The customer base of these manufacturers consists of large, multi-tract builders, small volume custom builders, national home center customers and retail lumberyards. As a result of these business acquisitions, the Company has become the largest manufacturer of engineered trusses and wall panels in the nation. Each of the Company's business acquisitions are discussed below.

- - On December 22, 1997, a subsidiary of the Company completed a merger with Consolidated Building Components, Inc. ("CBC"), a manufacturer of engineered trusses, wall panels and other products for commercial and residential builders and producers of manufactured homes. CBC operates two plants in Northwest Pennsylvania. The Company issued approximately 398,000 shares of its common stock in exchange for all of the stock of CBC. This transaction has been accounted for as a pooling of interests; therefore, financial statements for 1996 and prior years were restated to reflect this merger. CBC had net sales in fiscal 1997 totaling $24 million.

- - On December 29, 1997, a partnership of the Company acquired substantially all of the assets of Structural Lumber Products, Inc. ("SLP"), a manufacturer of engineered trusses and wall panels for residential builders. SLP operates plants in San Antonio, Austin and Dallas, Texas. The total purchase price of the transaction was $18.5 million. SLP had net sales in fiscal 1997 totaling $22 million.

- - On March 30, 1998, a subsidiary of the Company acquired 100% of the outstanding shares of privately held Shoffner Industries, Inc. ("Shoffner") in exchange for $41.1 million in cash and 3 million shares of the Company's common stock. Shoffner is a manufacturer of engineered trusses

for commercial and residential builders and had 14 facilities in 7 states at the time of the acquisition. Shoffner had net sales in fiscal 1997 totaling $90 million.

- - On April 20, 1998, a subsidiary of the Company acquired substantially all of the assets and assumed certain liabilities of Advanced Component Systems, Inc. ("ACS"), a manufacturer of engineered trusses for commercial and residential builders. ACS operates one facility in Lafayette, Colorado. The total purchase price of ACS was $27 million. ACS had net sales in fiscal 1997 totaling $39 million.

- - On November 4, 1998, a subsidiary of the Company acquired 59% of the outstanding shares of Nascor, Inc. ("Nascor"), located in Calgary, Alberta. Nascor manufactures engineered trusses, I-joists and pre-insulated wall panels for commercial and residential builders. In addition, Nascor conducts licensing activities associated with its I-joist technology. The total purchase price for the shares was $2.8 million. Nascor had sales and licensing revenues totaling $13 million in 1998.

In addition, on December 18, 1998, a subsidiary of the Company acquired 45% of the outstanding shares of Pino Exporta S.A. de C.V., which subsequently changed its name to Pinelli Universal S. de R.L. de C.V. ("Pinelli"). Pinelli is located in Durango, Mexico, where it manufactures moulding and millwork products for customers in the United States. The total purchase price for the minority interest was $3.0 million. In addition, the Company will provide a revolving credit facility to Pinelli totaling up to $5.0 million. The Company advanced $3.2 million to Pinelli on December 18, 1998. The Company has accounted for this investment using the equity method.

(B) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

The information required by this item is incorporated by reference from Footnote O of the Consolidated Financial Statements included in the Company's Annual Report to Shareholders for the fiscal year ended December 26, 1998.

(C) NARRATIVE DESCRIPTION OF BUSINESS.

The Company presently manufactures, treats and distributes lumber products for the DIY, manufactured housing, industrial and site-built construction markets. Each of these markets is discussed in the paragraphs which follow. The Company also sells lumber products to the wholesale market, but management is not emphasizing this business in its growth objectives.

DIY MARKET. The customers comprising this market are primarily national home center retailers, chain lumberyards and contractor oriented lumberyards. The Company is currently selling to over 1,900 customers in this market. One customer, The Home Depot, Inc., accounted for approximately 20%, 18% and 15% of the Company's total net sales for fiscal 1998, 1997 and 1996, respectively.

National customers in this market are serviced by the Company's sales staff in each region and are assisted by personnel from the Company's headquarters. Generally, terms of sale are established for annual periods, and orders are thereafter placed with the Company's regional facilities in accordance with the pre-established terms.

The Company currently supplies customers in this market from over 50 of its locations. These regional facilities are able to supply customers with mixed truckloads of products which can be delivered to customers with rapid turnaround from order receipt. Freight costs are a factor in the ability to competitively service this market, especially with treated wood products because of their heavier weight. The proximity of the Company's 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 dimension lumber (both preserved and unpreserved) and various "value-added products," some of which are sold under the Company's trademarks. Treated lumber is sold under the Company's PRO-WOOD(R) trademark. Value-added products, described in the following paragraph, may be preserved by pressure-treatment or unpreserved.

Products in the Deck Necessities(R) group consist of decking, balusters, spindles, decorative posts, handrails, stair risers, stringers and treads. The Fence Fundamentals(TM) group of products includes various styles of fences, such as solid, picket and shadowbox, as well as gates, posts and other components. Products in the Outdoor Essentials(TM) group consist of various home and garden and landscaping items. Large volumes of lattice are sold by the Company under its Lattice Basics(TM) trademark for use as skirting on decks, trellises and various outdoor home improvement projects. The Storage Solutions(TM) product line consists primarily of storage building frames and trusses. In 1998, the Company sold all of the inventory, machinery and equipment relating to its YardLine(R) storage structure product.

The Company also sells engineered wood products to this market as a result of recent business acquisitions. These products include engineered trusses, wall panels and I-joists. Depending upon regional practices and builder preferences, the Company may sell these products through retailers or directly to builders (see Site-Built Construction below).

The Company knows of no competitor that currently manufactures, treats and distributes a full line of both value-added and commodity products on a national basis. The Company faces 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. The Company also faces increased competition in this market from certain national vendor mills with wood preservation facilities in certain regions. The Company believes the breadth of its product offering, its geographic dispersion and proximity of its plants to core customers, its purchasing expertise, and its service capabilities provide significant competitive advantages in this market. As this industry continues to consolidate, the Company believes it is well-positioned to capture additional market share.

MANUFACTURED HOUSING MARKET. The customers comprising the manufactured housing market are producers of mobile, modular and prefabricated homes and recreational vehicles. The Company is currently selling to over 200 customers in this market.

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 dimension 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. The Company's engineering and support staff of approximately 15 persons acts as a sales support resource to assist the customer 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 area as the Company, it does face vigorous competition from suppliers in many geographic regions. The Company estimates that it produces over 65% of the HUD Code roof trusses supplied to this market based on data published by the Manufactured Housing Institute. The Company's principal competitive advantages include its product knowledge, the capacity to supply all of the customer's lumber requirements, the ability to deliver engineering support services, the proximity of its regional facilities to core customers and its ability to provide national sales programs to certain customers. In addition, the Company's financial resources enable it to carry a sufficient inventory of raw materials to minimize turnaround time from receipt of an order to delivery of the product.

INDUSTRIAL MARKET. The Company defines its industrial market as industrial manufacturers and agricultural customers who use pallets, crates, and wooden boxes for packaging, shipping and material handling purposes. The Company has increased its emphasis on this market in recent years and currently sells to over 1,400 customers in this market. Many of the products sold to this market may be produced from the by-product of other manufactured products, thereby allowing the Company to increase its raw material yields while expanding its business. Competition is fragmented and includes virtually every supplier of lumber convenient to the customer. The Company intends to continue to service this market with its regional sales personnel and to emphasize service and reliability as competitive strengths. It also plans to continue to increase its market share through internal expansion utilizing technology acquired from AGP and strategic business acquisitions.

SITE-BUILT CONSTRUCTION MARKET. The Company entered the site-built construction market through five strategic business acquisitions completed since December of 1997. The businesses acquired are discussed herein under the section "General Development of the Business."

The customers comprising this market are primarily large-volume, multitract builders/ developers and smaller custom builders. The Company is currently selling to over 1,600 customers in this market. Customers are serviced by the Company's sales, engineering and design personnel in each region. Generally, terms of sale and pricing are determined based on quotes for each specific job order.

The Company currently supplies customers in this market from 20 facilities located in 10 different states. These facilities manufacture various engineered wood products used to frame a conventional site-built project, including roof and floor trusses, wall panels 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.

The Company knows of no competitor that manufactures and distributes a complete line of engineered wood products on a national basis. Competition in this market is fragmented as local regulatory requirements and product preferences have resulted in a regional operating focus. The Company's objective is to continue to grow its manufacturing capacity for this market while developing a national presence. Management expects to face competition from various companies attempting to complete the same strategy. The Company believes its primary competitive advantages relate to its product knowledge, the engineering and design capabilities of its regional staff, its product quality and timeliness of delivery.

WOOD PRESERVATION TREATMENT. The Company is the largest producer of preservative-treated lumber in the nation based on data published by the Building Products Digest. The Company operates 17 treatment facilities in 12 different states, with capacity to process over one billion board feet annually.

The process for preserving wood utilized by the Company involves the application of a Chromated Copper Arsenate (CCA) solution under pressure. This process originated in India over sixty years ago as a means for protecting timbers utilized in the construction of mine shafts and tunnels. The basic process is no longer protected by any U.S. patent, and is widely used by numerous producers of treated lumber. The process consists of mixing the chemicals with water and impregnating the wood by alternating vacuum and pressure in specially designed pressure chambers. Thereafter, the CCA becomes a permanent component of the wood. The preservative in the wood acts as both an insecticide and a fungicide, thereby effectively eliminating the two principal causes of wood deterioration that exist in North America. The Company has developed and implemented numerous refinements to the basic CCA treatment process, and considers its process to be "state of the art."

In order to alleviate environmental concerns, in the mid-1980's the Company began installing monitoring wells at all of its treating facilities where groundwater contamination was a potential problem. Quality assurance personnel from the Company's headquarters perform audits, including soil and groundwater sampling at least semi-annually to assure that the treating process is being performed in accordance with the Company's stringent standards for both environmental safety and product quality.

At the time the monitoring wells were installed at the Company's Granger, Indiana facility in 1986, chromium was discovered in the groundwater in excess of the EPA limit for drinking water at one end of the Company's property. Subsequent testing also revealed surface water and soil contamination in excess of EPA limits in three other areas of the plant. The Company initiated a voluntary remediation program. The extent of contamination was defined and a remediation plan

was designed and implemented. This contamination was successfully remediated, and the Company is currently conducting confirmatory sampling in accordance with its agreement with the State of Indiana.

In 1991, the Company discovered chromium in the groundwater in excess of the EPA drinking water limit in connection with the replacement of a treating facility previously purchased in Union City, Georgia. A groundwater recovery program in which large volumes of groundwater are pumped from the wells for use in the Company's treatment process has corrected this problem.

The Company acquired several facilities from Chesapeake Corporation in October 1993. Based on the agreements between the Company and Chesapeake Corporation, the environmental conditions existing at the Elizabeth City, NC, Stockertown, PA and North East, MD sites are the responsibility of the Company. Environmental conditions consist of limited soil and/or groundwater contamination of CCA components. Similarly, the Company purchased a treating facility in Schertz, TX with limited soil contamination in December 1998. The nature and extent of each of these conditions does not require immediate action. If these sites are closed, some remedial action such as soil treatment and/or removal may be required. Estimates of probable costs have been prepared for each of these sites.

The Company has accrued for costs of remediation of all of its sites totaling approximately $2.3 million at December 26, 1998. Except for the situations described above, the Company is not aware of any material environmental problems affecting its properties.

SEASONAL INFLUENCES. The Company's 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 market have substantial seasonal impacts. The demand for many of the Company's DIY products is highest during the period of April to August. Accordingly, its sales to the DIY market tend to be greater during the second and third quarters. The Company builds its inventory of finished goods throughout the winter and spring to support this sales peak. Restraints on production capacity made this a necessary practice which potentially exposed the Company to greater adverse effects of changes in economic and industry trends. Since 1995, inventory management initiatives and supply programs with vendors have been used to reduce the exposure to adverse changes in the commodity lumber market, and decrease demands on cash resources.

SUPPLIERS. The Company is one of the largest domestic buyer of solid sawn lumber from primary producers (lumber mills). It uses primarily southern yellow pine in its pressure-treating operations, which it obtains from mills located through the states comprising the sun belt. Other species used by the Company 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 Brazilian pine. There are numerous primary producers for all varieties used by the Company, and the Company is not dependent on any particular source of supply. The Company's financial resources, in combination with its strong sales network and ability to remanufacture

lumber, enable it to purchase a large percentage of a primary producer's output (as opposed to only those dimensions or grades in immediate need), thereby lowering its average cost of raw materials. Management believes this represents a significant competitive advantage.

INTELLECTUAL PROPERTY. The Company owns 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 production of joint compound and wall texture. In addition, it owns four registered trademarks: PRO-WOOD(R) relating to the preservative-treated wood products; Deck Necessities(R) relating to the deck component products; the name Universal Forest Products(R); and a pine tree logo. The Company has applied for an additional registered trademark related to its ProFence(TM) products. In addition, it claims common law trademark rights to several other trademarks of lesser importance. While it believes its patent and trademark rights are valuable, the loss of its patent or any trademark would not have a material adverse impact on the competitive position of the Company.

RESEARCH AND DEVELOPMENT. Research and development efforts by the Company 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 the Company's competitive strengths and growth, the dollar amount of research and development expenditures has not typically been material to the Company. However, in 1998, the Company spent approximately $2.8 million associated with development of a new product. The Company is continuing its research activities with respect to this product.

EMPLOYEES. At March 1, 1999, the Company employed approximately 4,400 persons. No Company employees are represented by a labor union, except for a small facility located in Lerma, Mexico with approximately 20 employees. The Company has never experienced a work stoppage due to a labor dispute, and believes its relations with employees are good.

BACKLOG. Due to the nature of the Company's DIY, 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, the Company would not normally have a backlog of unfilled orders in a material amount. The relationships with its major customers are such that it is 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 the Company is able to forecast the customer's requirements or the customer may provide an estimate of its future needs. In neither case, however, will the Company receive firm orders until just prior to the anticipated delivery dates for the products in question.

At March 1, 1999, backlog orders associated with the site-built construction business, a new market for the Company, approximated $15.9 million, representing approximately five weeks production. The Company believes the relatively short time period associated with its backlog, in certain regions, provides a significant competitive advantage.

(D) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES.

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

ITEM 2. PROPERTIES.

The Company's headquarters are 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 containing approximately 49,000 square feet of office space.

The Company currently has 72 facilities at 63 locations. These facilities are located in 23 U.S. states, two Canadian provinces, and two Mexican states, and are involved in either the manufacture, preservative treatment, or distribution of lumber products, or a combination of these activities. 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 between 1,500 and 5,000 square feet, manufacturing space between 10,000 and 105,000 square feet, treating space between 25,000 and 300,000 square feet, and covered storage ranging from 10,000 to 100,000 square feet.

The Company owns all of its properties, free from any significant mortgage or other encumbrance, except for 12 regional facilities which are leased. The Company believes that all of these operating facilities are adequate in capacity and condition to service existing customer locations.

ITEM 3. LEGAL PROCEEDINGS.

The Company is not involved in any pending legal proceedings other than routine litigation incidental to the ordinary conduct of its business, none of which would result in a material impact on the Company, individually or in the aggregate, in the event of an adverse outcome.

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

No matters were submitted to a vote of security holders during the fourth quarter of fiscal year 1998.

ADDITIONAL ITEM: EXECUTIVE OFFICERS OF THE REGISTRANT.

The following table lists the names, ages and positions of all of the Company's executive officers as of March 1, 1999. 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	61	Chairman of the Board, Universal Forest Products, Inc.
William G. Currie	51	Chief Executive Officer and President, Universal Forest Products, Inc.
James H. Ward	55	President, Universal Forest Products Eastern Division, Inc.
Michael B. Glenn	47	President, Universal Forest Products Western Division, Inc.
Robert K. Hill	51	Exec. Vice Pres. Operations, Universal Forest Products Western Division, Inc.
Robert D. Coleman	44	Exec. Vice Pres. Manufacturing, Universal Forest Products, Inc.
Philip E. Rogers	48	Exec. Vice Pres. National Sales and Marketing, Universal Forest Products, Inc.
Matthew J. Missad	38	Executive Vice President and Secretary, Universal Forest Products, Inc.
Elizabeth A. Nickels	36	Chief Financial Officer and Treasurer, Universal Forest Products, Inc.
Carroll M. Shoffner	66	Chairman, Shoffner Industries, L.L.C.
Gary A. Wright	51	President, Shoffner Industries, L.L.C.
Eric S. Maxey	40	Vice President of Administration, Universal Forest Products, Inc.
Jeff A. Higgs	44	Vice President, Universal Forest Products Western Division, Inc.

Peter F. Secchia, Chairman of the Board of Directors, began his service with the Company in 1962 and has been a director of the Company since 1967. Mr. Secchia served as President, Chief Executive Officer, and Chairman of the Company from 1971 until 1989, when he was appointed U.S. Ambassador to Italy. Mr. Secchia completed his tenure as Ambassador on January 20, 1993, when he rejoined the Company as Chairman of the Board.

William G. Currie, the Chief Executive Officer and President of the Company, joined the Company 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 the Company in 1993.

James H. Ward joined the Company in 1972 as a regional salesman. From 1979 to 1987, he served as Vice President of the Company's Southern operations. He was elected to Senior Vice President in June of 1987. Effective December 1, 1997, Mr. Ward became the President of the Universal Forest Products Eastern Division.

Michael B. Glenn has been employed by the Company since 1974. In June of 1989, Mr. Glenn was elected Senior Vice President of the Company's Southwest operations. From September 1983 to June 1989, Mr. Glenn was Vice President of those operations. Effective December 1, 1997, Mr. Glenn became the President of the Universal Forest Products Western Division.

Robert K. Hill has been with the Company since 1986. In March of 1993, he was elected Senior Vice President of the Company's Far West operations. From 1989 to 1993, he served as Vice

President of those operations. Effective December 1, 1997, Mr. Hill became the Executive Vice President of Operations of the Universal Forest Products Western Division.

Robert D. Coleman, an employee of the Company since 1979, served as Senior Vice President of the Company's Midwest operations from September 1, 1993 until December of 1997. From 1986 to 1993 he served as Vice President of the Company's Atlantic Division. On December 1, 1997, Mr. Coleman became the Executive Vice President of Manufacturing of the Universal Forest Products Eastern Division. On January 1, 1999, Mr. Coleman was named the Executive Vice President of Manufacturing for Universal Forest Products, Inc.

Philip E. Rogers, an employee of the Company 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 for Universal Forest Products, Inc.

Matthew J. Missad has been employed by the Company 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.

Elizabeth A. Nickels, CPA, joined the Company in July of 1993 as Chief Financial Officer and Treasurer. From 1990 to 1993, Ms. Nickels served as Vice President of Operations of The Waypointe Companies, Inc., a company involved in construction, engineering, software design, and marketing. From 1986 to 1990, Ms. Nickels served as Controller of Riebel Development Corporation. In February 1996, Ms. Nickels was promoted to Executive Vice President of Finance and Administration.

Carroll M. Shoffner, has been affiliated with the Company since March 30, 1998, at which time the Company acquired Shoffner Industries, Inc., with whom he had been employed since 1964. Mr. Shoffner serves as Chairman of Shoffner Industries, L.L.C., and is a member of the Board of Directors of Universal Forest Products, Inc.

Gary A. Wright, has been affiliated with the Company since March 30, 1998 at which time the Company acquired Shoffner Industries, Inc., with whom he had been employed since 1978. Mr. Wright serves as President of Shoffner Industries, L.L.C.

Eric S. Maxey, an employee of the Company since 1991, has served as Vice President of Administration since 1992. Prior to that time and since 1984, he served as Controller.

Jeff A. Higgs, has been an employee of the Company since April 20, 1998, at which time the Company acquired the assets of Advanced Component Systems, Inc. Mr. Higgs serves as a Vice President of Operations for the Universal Forest Products Western Division, Inc.

PART II

The following information items in this Part II, which are contained in the Registrant's Annual Report to Shareholders for the fiscal year ended December 26, 1998, are specifically incorporated by reference into this Form 10-K Report. Selected portions of the Registrant's Annual Report to Shareholders for the fiscal year ended December 26, 1998 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 Company's Annual Report to Shareholders for the fiscal year ended December 26, 1998, 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 Company's Annual Report to Shareholders for the fiscal year ended December 26, 1998, under the caption "Five Year Summary of 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 Company's Annual Report to Shareholders for the fiscal year ended December 26, 1998, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this Item is incorporated by reference from the Company's Annual Report to Shareholders for the fiscal year ended December 26, 1998, under the following captions:

- "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.

Not applicable.

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 "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 to the Company's definitive Proxy Statement for the 1999 Annual Meeting of Shareholders, as filed with the Commission, 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 to the Company's definitive Proxy Statement for the 1999 Annual Meeting of Shareholders under the caption "Executive Compensation," excluding information under the captions "Compensation Committee Report" and "Stock Performance Graph."

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 to the Company's definitive Proxy Statement for the 1999 Annual Meeting of Shareholders under the captions "Ownership of Common Stock" and "Securities Ownership of Management."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS.

Information relating to certain relationships and related party transactions is incorporated by reference to the Company's definitive Proxy Statement for the 1999 Annual Meeting of Shareholders 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 Independent Auditors' Report and Consolidated Financial Statements are incorporated by reference, under Item 8 of this report, from the Company's Annual Report to Shareholders for the fiscal year ended December 26, 1998:

- Independent Auditors' Report

- Consolidated Balance Sheets as of December 26, 1998 and December 27, 1997

- Consolidated Statements of Earnings for the Years Ended December 26, 1998, December 27, 1997 and December 28, 1996

- Consolidated Statements of Shareholders' Equity for the Years Ended December 26, 1998, December 27, 1997 and December 28, 1996

- Consolidated Statements of Cash Flows for the Years Ended December 26, 1998, December 27, 1997 and December 28, 1996

- 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-4 of this Form 10-K Report.

(b) No reports on Form 8-K were filed in the fourth quarter of 1998.

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 25, 1999 UNIVERSAL FOREST PRODUCTS, INC.

By: /s/ PETER F. SECCHIA

PETER F. SECCHIA, CHAIRMAN OF THE BOARD

and

/s/ WILLIAM G. CURRIE

WILLIAM G. CURRIE, PRESIDENT AND CHIEF EXECUTIVE OFFICER

and

/s/ ELIZABETH A. NICKELS

ELIZABETH A. NICKELS, CHIEF FINANCIAL OFFICER
(PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 25th day of March, 1999, by the following persons on behalf of the Company and in the capacities indicated.

Each Director of the Company whose signature appears below hereby appoints Matthew J. Missad and Elizabeth A. Nickels, and each of them individually, as his attorney-in-fact to sign in his name and on his behalf as a Director of the Company, 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/ RICHARD M. DEVOS	/s/ LOUIS A. SMITH
RICHARD M. DEVOS, DIRECTOR	LOUIS A. SMITH, DIRECTOR
/s/ JOHN C. CANEPA	/s/ CARROLL M. SHOFFNER
JOHN C. CANEPA, DIRECTOR	CARROLL M. SHOFFNER, DIRECTOR

EXHIBIT NO.	DESCRIPTION
2	An Agreement to acquire the Wood Treating Operations of Chesapeake Corporation was filed as Exhibit 2 to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
2(a)	A Lease Termination Agreement with Chesapeake Corporation dated July 20, 1995 was filed as Exhibit 2(a) to a Form 10-Q Quarterly Report for the quarter period ended July 1, 1995, and the same is incorporated herein by reference.
2(b)	Agreement and Plan of Reorganization dated as of March 30, 1998, by and among Universal Forest Products, Inc., UFP Acquisition Corp. II, Shoffner Industries, Inc. and the Shareholders of Shoffner Industries, Inc., together with the Annexes thereto, was filed as Exhibit 2.1 to a Form 8-K Report dated March 30, 1998, and the same is incorporated herein by reference.
2(c)	Purchase Agreement dated as of February 18, 1998, by and among Universal Forest Products Southwest Company, Inc., Advanced Component Systems, Inc., T.F. Investments, L.L.C., and F.T.G. Leasing, Inc., was filed as Exhibit 2.1 to a Form 8-K Report dated April 20, 1998, and the same is incorporated herein by reference.
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)(1)	Loan Agreement with Old Kent Bank and Trust Company dated April 18, 1988 was filed as Exhibit 4(b)(1) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
4(b)(2)	Business Loan Agreement with Michigan National Bank dated August 17, 1988, as amended was filed as Exhibit 4(b)(2) 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.

EXHIBIT NO.	DESCRIPTION
4(b)(4)	First Amendment to Note Agreement dated November 13, 1998, relating to Series A, Senior Unsecured Note Agreement dated May 5, 1994.
10(a)	Redemption Agreement with Peter F. Secchia, dated August 26, 1993, was filed as Exhibit 10(a) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
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)(1)	Lease guarantee dated April 26, 1978, given by Registrant on behalf of Universal Restaurants, Inc. to Hol-Steak, Inc. was filed as Exhibit 10(c)(1) 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)(3)	Lease guarantee, dated November 15, 1977, by Registrant on behalf of Great Lakes Steak Company of Ann Arbor, Inc. to William C. and Sally A. Martin was filed as Exhibit 10(c)(3) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(c)(4)	Lease guarantee, dated March 10, 1978, by Registrant on behalf of Universal Restaurants, Inc. to Forbes/Cohen Properties was filed as Exhibit 10(c)(4) 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.

EXHIBIT NO.	DESCRIPTION
10(d)(3)	Sublease between Registrant and the Community Development Authority of the City of Moreno Valley regarding Registrant's Moreno Valley, California facility, with main lease attached was filed as Exhibit 10(d)(3) to a Registration Statement on Form S-1 (No. 33- 69474) and the same is incorporated herein by reference.
10(d)(4)	Lease between Registrant and Germania-Sykes as lessor regarding land adjacent to Registrant's Moreno Valley facility was filed as Exhibit 10(d)(4) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(d)(5)	Lease between Registrant and Niagara Industrial Mall, Inc. as lessor regarding Registrant's Niagara, Ontario facility, as amended was filed as Exhibit 10(d)(5) 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.
*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)(1)	Term Loan Agreement between Registrant and NBD Bank, N.A. dated December 1, 1992, was filed as Exhibit 10(g)(1) to a Registration Statement on Form S-1 (No. 33- 69474) and the same is incorporated herein by reference.
10(g)(2)	Promissory Note with Old Kent Bank and Trust Company, dated September 1, 1993, was filed as Exhibit 10(g)(2) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(g)(3)	Installment Business Loan Note with NBD Bank, N.A. dated December 1, 1992, was filed as Exhibit 10(g)(3) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(g)(4)	Business Loan Agreement with Michigan National Bank executed April 14, 1987, was filed as Exhibit 10(g)(4) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.

EXHIBIT NO.	DESCRIPTION
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.
10(j)(1)	Series 1998-A, Senior Note Agreement dated December 21, 1998.
13	Selected portions of the Company's Annual Report to Shareholders for the fiscal year ended December 26, 1998.
21	List of Registrant's subsidiaries.
23	Consent of Deloitte & Touche LLP.
27	Financial Data Schedule.

*Indicates a compensatory arrangement.

EXHIBIT 4(b)(4)

UNIVERSAL FOREST PRODUCTS, INC.

FIRST AMENDMENT
Dated as of November 13, 1998
to

NOTE AGREEMENTS
Dated as of May 1, 1994

Re: $40,000,000 7.15% Senior Notes
Due May 5, 2004

FIRST AMENDMENT TO NOTE AGREEMENTS

THIS FIRST AMENDMENT dated as of November 13, 1998 (this "First Amendment") to the Note Agreements each dated as of May 1, 1994 is between UNIVERSAL FOREST PRODUCTS, INC., a Michigan corporation (the "Company"), and each of the institutions which is a signatory to this First Amendment (collectively, the "Noteholders").

RECITALS:

A. The Company and each of the Noteholders have heretofore entered into separate and several Note Agreements each dated as of May 1, 1994 (collectively, the "Note Agreements"). The Company has heretofore issued the $40,000,000 7.15% Senior Notes Due May 5, 2004 (the "Notes") dated May 5, 1994 pursuant to the Note Agreements.

B. The Company and the Noteholders now desire to amend the Note Agreements in the respects, but only in the respects, hereinafter set forth.

C. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Note Agreements unless herein defined or the context shall otherwise require.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this First Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

NOW, THEREFORE, upon the full and complete satisfaction of the conditions precedent to the effectiveness of this First Amendment set forth in Section 3.1 hereof, and in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Company and the Noteholders do hereby agree as follows:

SECTION 1. AMENDMENTS.

Section 1.1. Section 5.3 of the Note Agreements shall be and is hereby amended in its entirety to read as follows:

> "Section 5.3. Taxes, Claims for Labor and Materials; Compliance with Laws. (a) The Company will promptly pay and discharge, and will cause each Subsidiary promptly to pay and discharge, all lawful taxes, assessments and governmental charges or levies imposed upon the Company or such Subsidiary, respectively, or upon or in respect of all or any part of the property or business of the Company or such Subsidiary, all trade accounts payable in accordance with usual and customary business terms, and all claims for work, labor or materials, which if unpaid might become a Lien upon any property of the Company or such Subsidiary; provided that the Company or such Subsidiary shall not be required to pay any such tax, assessment, charge, levy, account payable or claim if (1) the validity, applicability or amount thereof is being contested in good faith by appropriate actions or proceedings which will prevent the forfeiture or sale of any property of the Company or such Subsidiary or any material interference with the use thereof by the Company or such Subsidiary, and (2) the Company or such Subsidiary shall set aside on its books, reserves deemed by it to be adequate with respect thereto, or (3) to the extent that failure to pay any

of the foregoing or comply with any of the foregoing relates solely to Subsidiaries which are not Wholly-owned Subsidiaries of the Company or Guarantors and if all such non Wholly-owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary and such failure could not materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of the Company or of the Company and its Subsidiaries, taken as a whole (but the Company shall provide notice to the holders of the Notes of the occurrence of any such failure to comply or failure to pay described in this provision).

(b) The Company will promptly comply and will cause each Subsidiary to promptly comply with all laws, ordinances or governmental rules and regulations to which it is subject, including, without limitation, the Occupational Safety and Health Act of 1970, as amended, ERISA and all Environmental Laws, the violation of which could materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of the Company or of the Company and its Subsidiaries, taken as a whole, or would result in any Lien not permitted under Section 5.9, provided that the foregoing does not apply to Subsidiaries which are not Wholly-owned Subsidiaries of the Company or Guarantors if all such non Wholly-owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary."

Section 1.2. Section 5.6 of the Note Agreements shall be and is hereby amended in its entirety to read as follows:

"Section 5.6. Consolidated Net Worth. The Company will at all times keep and maintain Consolidated Net Worth at an amount not less than the sum of (a) $155,000,000, plus (b) 50% of Consolidated Net Earnings for the fiscal quarter of the Company ending in December, 1998 and each fiscal year of the Company ending thereafter, provided that if such Consolidated Net Earnings of the Company is negative for the fiscal quarter ending in December, 1998 or any fiscal year thereafter, as the case may be, the amount added for such fiscal quarter or year shall be zero and it shall not reduce the amount added for any other fiscal year, and plus 100% of the net proceeds from the sale or other transfer of any capital stock of the Company."

Section 1.3. Section 5.7 of the Note Agreements shall be and is hereby amended in its entirety to read as follows:

"The Company will at all times keep and maintain the ratio of Consolidated Net Earnings Available for Fixed Charges for any four of the immediately preceding five fiscal quarters (taken as a single accounting period) to Consolidated Fixed Charges for such period at not less than 1.75 to 1.00.

For purposes of calculations under this Section 5.7, Consolidated Net Earnings Available for Fixed Charges and Consolidated Fixed Charges shall be adjusted for the period in respect of which any such calculation is being made to give effect to (i) the audited "net earnings" (determined in a manner consistent with the definition of "Consolidated Net Earnings"

contained in this Agreement) of any business entity acquired by the Company or any Subsidiary (the "Acquired Business") and (ii) all Indebtedness incurred by the Company or any Subsidiary in connection with such acquisition, and shall be computed as if the Acquired Business had been a Subsidiary throughout the period and all Indebtedness incurred in connection with such acquisition had been incurred at the beginning of such period in respect of which such calculation is being made. In the case of any business entity acquired during the twelve calendar month period immediately preceding the date of any determination hereunder whose financial records are not, and are not required to be in accordance with applicable laws, rules and regulations, audited by the Company's independent public accountants at the time of the acquisition thereof, the Company shall base such determination upon the Company's internally audited net earnings of such business entity for the immediately preceding fiscal year or the net earnings of such business entity as audited by such business entity's independent auditors for the immediately preceding fiscal year."

Section 1.4. Section 5.8 of the Note Agreements shall be and is hereby mended in its entirety to read as follows:

"Section 5.8. Limitations on Current Debt and Funded Debt. (a) The Company will not permit or suffer the Adjusted Leveraged Ratio to be greater than 0.60 to 1.0 at any time.

(b) The Company will not, and will not permit any Subsidiary to, create, assume, guarantee or otherwise incur or any in manner be or become liable in respect of (1) any Current Debt or Funded Debt of the Company or any Subsidiary secured by Liens permitted by Section 5.9(A)(8), or (2) any other Current Debt or Funded Debt of a Subsidiary (other than Qualified Current Debt and Qualified Funded Debt of a Subsidiary Guarantor), or (3) any Attributable Indebtedness of Sale and Leaseback Transactions of the Company or any Subsidiary, unless at the time of creation, issuance, assumption, guarantee or incurrence thereof and after giving effect thereto and to the application of the proceeds thereof, the sum of (A) Current Debt and Funded Debt of the Company and its Subsidiaries secured by Liens permitted by Section 5.9(A)(8), plus (without duplication) (B) Current Debt and Funded Debt of Subsidiaries (other than Qualified Current Debt and Qualified Funded Debt of Subsidiary Guarantors) and (C) Attributable Indebtedness of Sale and Leaseback Transactions of the Company and its Subsidiaries would not exceed 15% of Consolidated Net Worth.

(c) Any Person which becomes a Subsidiary after the date hereof shall for all purposes of this Section 5.8 be deemed to have created, assumed or incurred at the time it becomes a Subsidiary all Current Debt and Funded Debt of such Person existing immediately after it becomes a Subsidiary."

Section 1.5. Section 5.9 of the Note Agreements is hereby amended as follows:

(a) "and" at the end of clause (8) of Section 5.9(a) is hereby deleted;

(b) the "period" at the end of clause (9) of Section 5.9 (a) is hereby deleted and a comma is substituted therefor; and

(c) a new clause (10) is hereby added to read as follows:

"(10) the Liens of any Stock Pledge Agreements."

Section 1.6. Section 5.10(b)(1) of the Note Agreements shall be amended in its entirely to read as follows:

"(1) the sale, lease, transfer or other disposition of assets of a Subsidiary to the Company or a Wholly-owned Subsidiary, or of the Company to a Wholly-owned Subsidiary; or"

Section 1.7. Section 5.10(c)(3) of the Note Agreements shall be and is hereby amended by deleting therefrom ", except that such prohibition against any such sale or other disposition to an Affiliate shall not be deemed or construed to apply to the sale of the Subsidiary Stock of Universal Development and Real Estate, Inc., a Michigan corporation, to its employees who, after giving effect to such sale, shall no longer be employees of the Company or any of its other Subsidiaries".

Section 1.8. Section 5.11 of the Note Agreements shall be and is hereby amended in its entirety to read as follows:

"Section 5.11. Guaranties. The Company will not, and will not permit any Subsidiary to, become or be liable in respect of any Guaranty except Guaranties by the Company which are limited in amount to a stated maximum dollar exposure or which constitute Guaranties of obligations incurred by any Subsidiary in compliance with the provisions of this Agreement; provided that nothing contained in this Section 5.11 shall be deemed or construed to prohibit any Subsidiary from executing and delivering the Subsidiary Note Guaranty or joining the same as contemplated by Section 3.1(f) of the First Amendment and Section 5.17, respectively, or from executing and delivering any Subsidiary Bank Guaranty; provided that in each such case each beneficiary of any such Guaranty shall have entered into and become a party to the Intercreditor Agreement."

Section 1.9. The following shall be added as a new Section 5.17 to the Note Agreements:

"Section 5.17.Guaranty by Subsidiaries. (a) Subject to clause (b) of this SS.5.17, the Company will cause each Subsidiary which delivers a Guaranty after the Closing Date to concurrently enter into a Subsidiary Note Guaranty and within three Business Days thereafter shall deliver to each of the holders of the Notes the following items:

(1) an executed counterpart of the Subsidiary Note Guaranty or a joinder agreement pursuant to which such Subsidiary becomes a party to the Subsidiary Note Guaranty;

(2) a certificate signed by an authorized officer of such Subsidiary making representations and warranties to the effect of those contained in Paragraphs 2, 10, 12 and 17 of Exhibit B to the Note Agreements, but with respect to such Subsidiary and the Subsidiary Note Guaranty;

(3) such documents and evidence with respect to such Subsidiary as the Requisite Holders may reasonably request in order to establish the existence and good standing of such Subsidiary and the authorization of the transactions contemplated by the Subsidiary Note Guaranty; and

(4) an opinion of counsel satisfactory to the Requisite Holders to the effect that the Subsidiary Note Guaranty or the joinder agreement pursuant to which

such Subsidiary has become a party to the Subsidiary Note Guaranty, as the case may be, has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such Subsidiary enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(b) Notwithstanding the requirements of clause (a) of this Section 5.17, the Company shall not be required to comply therewith if, but only if, the Company can create or incur the Indebtedness evidenced by any Guaranty entered into by a Subsidiary within the limitations of Section 5.8(b).

(c) Nothing contained in this Section 5.17 shall be deemed or construed to otherwise permit a Subsidiary of the Company to create, assume, guarantee or otherwise incur or in any manner be or become liable in respect of any Current Debt or Funded Debt which is not otherwise within the limitations of Section 5.8 and the other applicable provisions of this Agreement."

Section 1.10. The following shall be added as a new Section 5.18 to the Note Agreements:

"Section 5.18. Stock Pledge Agreement. If the Company shall enter into any stock pledge agreement (each, a "Stock Pledge Agreement") pursuant to which the Company shall grant to the Collateral Agent or any other Institutional Holder a pledge of and security interest in the capital stock of any Subsidiary, then and in such event, the Company shall concurrently with the execution and delivery of such Stock Pledge Agreement deliver to each of the holders of the Notes the following items:

(a) an executed counterpart of the Stock Pledge Agreement;

(b) a certificate signed by an executive officer of the Company making representations and warranties to the effect of those contained in Paragraphs 2, 10, 12 and 17 of Exhibit B to the Note Agreements, but with respect to such Stock Pledge Agreement and to the effect that such Stock Pledge Agreement constitutes a first and prior perfected security interest in the capital stock which is the subject of such Stock Pledge Agreement free and clear of all Liens of creditors of the Company, other than the Lien of such Stock Pledge Agreement;

(c) such modifications, amendments or supplements to the Intercreditor Agreement as may be deemed necessary by the Requisite Holders to confirm that any proceeds realized from the enforcement by the Collateral Agent or such other Institutional Holder of its rights pursuant to such Stock Pledge Agreement as pledgee of such capital stock shall be applied in accordance with the terms and provisions of the Intercreditor Agreement; and

(d) an opinion of counsel satisfactory to the Requisite Holders to the effect that (1) such Stock Pledge Agreement has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the Company enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and

similar laws affecting the enforcement of creditors' rights generally and by general equitable principles and (2) such Stock Pledge Agreement creates a valid and perfected first and prior security interest in and pledge of the capital stock of the Subsidiary which is the subject of such Stock Pledge Agreement."

Section 1.11. Sections 6.1(f), (g), (i), (j), (k) and (l) of the Note Agreements shall be and are hereby amended in their entirety to read as follows:

"(f) Default shall be made in the payment when due (whether by lapse of time, by declaration, by call for redemption or otherwise) of the principal of or interest on any Indebtedness for borrowed money (other than the Notes) of the Company or any Subsidiary aggregating in excess of $3,000,000 and such default shall continue beyond the period of grace, if any, allowed with respect thereto; provided, that an Event of Default shall not be deemed to have occurred under this Section 6(f) if any of the foregoing events occur only with respect to Subsidiaries which are not Wholly-owned Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; or

(g) Default or the happening of any event shall occur under any indenture, agreement or other instrument under which any Indebtedness for borrowed money (other than the Notes) of the Company or any Subsidiary aggregating in excess of $3,000,000 is outstanding and such default or event shall result in the acceleration of the maturity of any Indebtedness for borrowed money of the Company or any Subsidiary outstanding thereunder; provided, that an Event of Default shall not be deemed to have occurred under this Section 6(g) if any of the foregoing events occur only with respect to Subsidiaries which are not Wholly-owned Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; or

(i) Final judgment or judgments for the payment of money aggregating in excess of $1,000,000 (net of insurance proceeds to the extent the insurer has acknowledged liability with respect thereto) is or are outstanding against the Company or any Subsidiary or against any property or assets of either and any one of such judgments has remained unpaid, unvacated, unbonded or unstayed by appeal or otherwise for a period of 45 days from the date of its entry, provided, that an Event of Default shall not be deemed to have occurred under this Section 6(i) if any of the foregoing events occur only with respect to Subsidiaries which are not Wholly-owned Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; or

(j) A custodian, liquidator, trustee or receiver is appointed for the Company or any Subsidiary or for the major part of the property of either and is not discharged within 30 days after such appointment, provided, that an Event of Default shall not be deemed to have occurred under this of Section 6(j) if any of the foregoing events occur only with respect to Subsidiaries which are not Wholly-owned Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; or

(k) The Company or any Subsidiary becomes insolvent or bankrupt, is generally

not paying its debts as they become due or makes an assignment for the benefit of creditors, or the Company or any Subsidiary applies for or consents to the appointment of a custodian, liquidator, trustee or receiver for the Company or such Subsidiary or for the major part of the property of either, provided, that an Event of Default shall not be deemed to have occurred under this Section 6(k) if any of the foregoing events occur only with respect to Subsidiaries which are not Wholly-owned Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; or

(l) Bankruptcy, reorganization, arrangement or insolvency proceedings, or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors, are instituted by or against the Company or any Subsidiary and, if instituted against the Company or any Subsidiary, are consented to or are not dismissed within 60 days after such institution, provided, that an Event of Default shall not be deemed to have occurred under this Section 6(l) if any of the foregoing events occur only with respect to Subsidiaries which are not Wholly-owned Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; or"

Section 1.12. The following shall be added as a new Section 6.1(m) to the Note Agreements:

"6.1(m) For any reason the Subsidiary Note Guaranty or any Stock Pledge Agreement shall cease to be in full force and effect for any reason whatsoever, including, without limitation, a determination by any governmental body or court that any of such agreements is invalid, void or unenforceable or any Person which is a party thereto shall contest or deny in writing the validity or enforceability of any of its obligations under any such agreement."

Section 1.13. Section 6.3 of the Note Agreements shall be and is hereby amended by adding the words "or paragraph (m)," after the word "inclusive," in the second sentence of said Section 6.3.

Section 1.14. Section 6.4 of the Note agreements shall be and is hereby amended by adding the words "or paragraph (m)," after the word "inclusive," in said Section 6.4.

Section 1.15. The definitions in Section 8.1 of the Note Agreements of the terms "Chesapeake Transaction", "Consolidated Adjusted Net Worth", "Indebtedness", "Person", "SFAS 106", "SFAS 106 Adjustment" and "SFAS Transition Obligation" shall be and are hereby deleted in their entirety.

Section 1.16. The following terms and definitions shall be added as new defined terms in alphabetical order to Section 8.1 of the Note Agreements:

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

"Bank Credit Agreement" shall mean the $175,000,000 Revolving Credit Agreement dated November 13, 1998 by and among the Company, various lenders party thereto from time to time and NBD Bank, as Agent.

"Banks" or "the Banks" shall mean the Banks party to the Bank Credit Agreement.

"Collateral Agent" shall mean NBD Bank, in its role as Collateral Agent under the Intercreditor Agreement.

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

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

"Financial Contract" of a Person shall mean (a) any exchangetraded or overthecounter futures, forward, swap or option contract or other financial instrument with similar characteristics, or (b) any agreements, devices or arrangements providing for payments related to fluctuations of interest rates, exchange rates or forward rates, including, but not limited to, interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options.

"First Amendment" shall mean the First Amendment to this Agreement dated as of November 13, 1998.

"Indebtedness" of any Person shall mean, as of any date, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person as lessee under any Capitalized Lease, (c) the unpaid purchase price for goods, property or services acquired by such Person, except for accounts payable and other accrued liabilities arising in the ordinary course of business which are not materially past due, (d) all obligations of such Person to purchase goods, property or services where payment therefor is required regardless of whether delivery of such goods or property or the performance of such services is ever made or tendered (generally referred to as "take or pay contracts"), other than obligations incurred in the ordinary course of business, (e) all obligations of such Person in respect of any Financial Contract (valued in an amount equal to the highest termination payment, if any, that would be payable by such Person upon termination for any reason on the date of determination), (f) to the extent not included in the foregoing, obligations and liabilities which would be classified as part of Total Debt, and (g) all obligations of others similar in character to those described in clauses (a) through (f) of this definition for which such Person is contingently liable, as obligor, guarantor, surety or in any other capacity, or in respect of which obligations such Person assures a creditor against loss or agrees to take any action to

prevent any such loss (other than endorsements of negotiable instruments for collection in the ordinary course of business), including without limitation all reimbursement obligations of such Person in respect of letters of credit, surety bonds or similar obligations and all obligations of such Person to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the financial condition of such other Person.

"Intercreditor Agreement" shall mean the Intercreditor Agreement dated as of November 13, 1998 by and among the Noteholders, the Banks and the Collateral Agent.

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

"Qualified Current Debt" and "Qualified Funded Debt" shall mean Current Debt or Funded Debt, as the case may, of a Guarantor which is a party to the Subsidiary Note Guaranty on the Closing Date or any Person who has become a party to the Subsidiary Note Guaranty after the Closing Date in accordance with Section 5.17; provided that the obligee of such Current Debt or Funded Debt shall have entered into the Intercreditor Agreement.

"Significant Subsidiary" shall mean any one or more Subsidiaries which, if considered in the aggregate as a single Subsidiary, would comprise 10% or more of the total assets of the Company and its Subsidiaries on a consolidated basis.

"Subsidiary Bank Guaranty" shall mean any Guaranty of any Subsidiary of the Company with respect to the payment of sums due and owing under the Bank Credit Agreement.

"Subsidiary Note Guaranty" shall mean any Guaranty of any Subsidiary of the Company with respect to the payment of the Notes and all other sums due and owing by the Company under this Agreement, which Guaranty shall be in the form attached to the First Amendment as Exhibit B.

"Stock Pledge Agreement" shall have the meaning set forth in Section 5.18.

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

"Total Debt" as of any date, shall mean, without duplication, all of the following for the Company and its Subsidiaries on a consolidated basis: (a) all Indebtedness for borrowed money and similar monetary obligations evidenced by bonds, notes, debentures, acceptances, Capitalized Lease obligations or otherwise, (b) all liabilities secured by any Lien existing on property owned or acquired by the Company or any Subsidiary subject thereto, whether or not the liability secured thereby shall have been assumed, (c) all reimbursement obligations under outstanding letters of credit, bankers' acceptances or similar instruments in respect of drafts which (i) may be presented or (ii) have been presented and have not yet been paid and are not included in clause (a) above, and (d) all guarantees and other Contingent Liabilities relating to indebtedness, obligations or liabilities of the type described in the foregoing clauses (a), (b) and (c).

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

Section 1.17. The definition of "Company Control Group" in Section 8.1 of the Note Agreements is hereby amended in its entirety to read as follows:

> "Company Control Group" shall mean all, or any combination of, any one or more of the individuals comprising Current Management and who, as of the date of any determination hereof: (a) is employed on a full-time basis by the Company as a director or officer of the Company, and (b) has been so employed for at least three years preceding such date of determination, except Gary Wright who shall in any event be deemed to be a member of the Company Control Group for so long as he is employed on a full-time basis by the Company as a director or officer."

Section 1.18. The definition of "Consolidated Total Capitalization" in Section 8.1 of the Note Agreements shall be and is hereby amended by substituting the phrase "Consolidated Net Worth" for the phrase "Consolidated Adjusted Net Worth" as such phrase appears therein.

Section 1.19. The definition of "Current Management" in Section 8.1 of the Note Agreements is hereby amended in its entirety to read as follows:

> "Current Management" shall mean Peter F. Secchia, William G. Currie, Matthew Missad, Gary Wright, James H. Ward, Michael B. Glenn and Elizabeth A. Bowman, whether in case of each of the foregoing, such Person owns capital stock of the Company directly or beneficially.

Section 1.20. The definition of "Funded Debt" in Section 8.1 of the Note Agreements is hereby amended in its entirety to read as follows:

> "Funded Debt" of any Person shall mean (a) all Indebtedness of such Person for borrowed money or which has been incurred in connection with the acquisition of assets in each case having a final maturity of one or more than one year from the date of origin thereof (or which is renewable or extendible at the option of the obligor for a period or periods more than one year from the date of origin), including all payments in respect thereof that are required to be made within one year from the date of any determination of Funded Debt, whether or not the obligation to make such payments shall constitute a current liability of the obligor under GAAP, (b)all Capitalized Rentals of such Person, (c) all Guaranties by such Person of Funded Debt of others, and (d) if, during the 365-day period immediately preceding the date of any determination of Funded Debt of such Person, there shall not have been a period of at least 30 consecutive days during which Indebtedness of such Person outstanding under all revolving credit or similar agreements are equal to zero, then, and in such an event, an amount equal to the highest aggregate amount of all such Indebtedness outstanding during any period of 30 consecutive days selected by such Person during such preceding 365-day period.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

Section 2.1. To induce the Noteholders to execute and deliver this First Amendment (which representations shall survive the execution and delivery of this First Amendment), the Company represents and warrants to the Noteholders that:

(a) this First Amendment has been duly authorized, executed and delivered by it and this First Amendment constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(b) the Note Agreements, as amended by this First Amendment, constitute the legal, valid and binding obligations, contracts and agreements of the Company enforceable against it in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(c) the execution, delivery and performance by the Company of this First Amendment (i) has been duly authorized by all requisite corporate action and, if required, shareholder action, (ii) does not require the consent or approval of any governmental or regulatory body or agency, and (iii) will not (A) violate (1) any provision of law, statute, rule or regulation or its certificate of incorporation or bylaws, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (3) any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, or (B) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (iii)(A)(3) of this Section 2.1(c);

(d) as of the date hereof and after giving effect to this First Amendment, no Default or Event of Default has occurred which is continuing; and

(e) all the representations and warranties contained in Section 3.1 of the Note Agreements and Exhibit B thereto are true and correct in all material respects with the same force and effect as if made by the Company on and as of the date hereof.

SECTION 3. CONDITIONS TO EFFECTIVENESS OF THIS FIRST AMENDMENT.

Section 3.1. This First Amendment shall not become effective until, and shall become effective when, each and every one of the following conditions shall have been satisfied:

(a) executed counterparts of this First Amendment, duly executed by the Company and the holders of at least 66-2/3% of the outstanding principal of the Notes, shall have been delivered to the Noteholders;

(b) the Noteholders shall have received evidence satisfactory to them that the Company has entered into the Bank Credit Agreement in the form annexed hereto as Exhibit A (the "Bank Credit Agreement");

(c) the Noteholders shall have received a copy of the resolutions of the Board of Directors of the Company certified by its Secretary or an Assistant Secretary authorizing the execution, delivery and performance (i) by the Company of this First Amendment, (ii) by the Company of the Bank Credit Agreement, and (iii) by each of the Company's Subsidiaries which has entered into the Subsidiary Note Guaranty;

(d) the representations and warranties of the Company set forth in Section 2 hereof are

true and correct on and with respect to the date hereof;

(e) the Noteholders shall have received the favorable opinion of counsel to the Company as to the matters set forth in Sections 2.1 (A), 2.1(b) and 2.1(c) hereof, which opinion shall be in form and substance satisfactory to the Noteholders;

(f) the Noteholders shall have received the Subsidiary Note Guaranty in the form annexed hereto as Exhibit B from each Subsidiary which is concurrently delivering a Subsidiary Bank Guaranty;

(g) the Noteholders shall have received a certificate signed by an authorized officer of each such Subsidiary making representations and warranties to the effect of those contained in Sections 2.1(A), 2.1(b) and 2.1(c), but with respect to such Subsidiary and the Subsidiary Note Guaranty, as applicable;

(h) the Noteholders shall have received such documents and evidence with respect to each such Subsidiary as any holder of the Notes may reasonably request in order to establish the existence and good standing of any such Subsidiary and the authorization of the transactions contemplated by the Subsidiary Note Guaranty;

(i) the Noteholders shall have received an opinion of counsel to each Subsidiary which is a party to the Subsidiary Note Guaranty satisfactory to the Noteholders to the effect that the Subsidiary Note Guaranty has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of each Subsidiary which is a party thereto, enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles; and

(j) the Noteholders, the Banks and the Collateral Agent shall have entered into the Intercreditor Agreement in the form annexed hereto as Exhibit C.

Upon receipt of all of the foregoing, this First Amendment shall become effective.

SECTION 4. PAYMENT OF NOTEHOLDERS' COUNSEL FEES AND EXPENSES.

Section 4.1. The Company agrees to pay upon demand, the reasonable fees and expenses of Chapman and Cutler, counsel to the Noteholders, in connection with the negotiation, preparation, approval, execution and delivery of this First Amendment.

SECTION 5. MISCELLANEOUS.

Section 5.1. This First Amendment shall be construed in connection with and as part of each of the Note Agreements, and except as modified and expressly amended by this First Amendment, all terms, conditions and covenants contained in the Note Agreements and the Notes are hereby ratified and shall be and remain in full force and effect.

Section 5.2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this First Amendment may refer to the Note Agreements without making specific reference to this First Amendment but nevertheless all such references shall include this First Amendment unless the context otherwise requires.

Section 5.3. The descriptive headings of the various Sections or parts of this First

Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

Section 5.4. This First Amendment shall be governed by and construed in accordance with New York law.

[Intentionally Blank]

Section 5.5. The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this First Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

UNIVERSAL FOREST PRODUCTS, INC.

By: ---

Its: ---

Accepted and Agreed to:

[VARIATION]

By: ---

Its: ---

[BANK CREDIT AGREEMENT]
EXHIBIT A

[FORM OF GUARANTY]
EXHIBIT B

[FORM OF INTERCREDITOR AGREEMENT]
EXHIBIT C

EXHIBIT 10(i)

THIS CREDIT AGREEMENT, dated as of November 13, 1998 (as amended or modified from time to time, this "Agreement"), is by and among Universal Forest Products, Inc., a Michigan corporation (the "Company") the lenders party hereto from time to time (the "Lenders") and NBD Bank, a Michigan banking corporation, as agent for the Lenders (in such capacity, the "Agent").

INTRODUCTION

The Company desires to obtain a revolving credit facility, including letters of credit, in the aggregate principal amount of $175,000,000, in order to provide funds for its general corporate purposes, and the Lenders are willing to establish such a credit facility in favor of the Company on the terms and conditions herein set forth.

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

ARTICLE I.
DEFINITIONS

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

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

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

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

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

"Affiliate" when used with respect to any Person shall mean any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person. For purposes of this definition "control" (including the correlative meanings of the terms "controlled by" and "under common control with") with respect to any Person, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting Capital Stock

or by contract or otherwise. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of Voting Stock of the controlled Person.

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

"Applicable Margin" shall mean, with respect to any Eurodollar Rate Syndicated Loan, Letter of Credit fee under Section 2.5(b)(i) and facility fee under Section 2.5(a), as the case may be, the applicable percentage set forth in the applicable table below based upon the Adjusted Leverage Ratio, as adjusted on the date 50 days after the end of each fiscal quarter of the Company and shall remain in effect until the next change to be effected pursuant to this definition, based upon the Adjusted Leverage Ratio as of the last day of the most recently ended fiscal quarter; provided, however, until the Applicable Margin is adjusted for the first time based on the Adjusted Leverage Ratio as of the end of the first fiscal quarter ending after the Effective Date, the Applicable Margin shall be based on an Adjusted Leverage Ratio greater than or equal to 0.4 to 1.0 but less than 0.5 to 1.0:

APPLICABLE MARGIN

Level	Adjusted Leverage Ratio	Eurodollar Rate Syndicated Loan and Letter of Credit Fee	Facility Fee
I	<0.4 to 1.0	25 basis points	15 basis points
II	>0.4 to 1.0 but <0.5 to 1.0	32.5 basis points	17.5 basis points
III	>0.5 to 1.0 but <0.55 to 1.0	47.5 basis points	20.0 basis points
IV	>0.55 to 1.0	65 basis points	22.5 basis points

"Arranger" shall mean First Chicago Capital Markets, Inc., a Delaware corporation, and its successors.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Business Day" shall mean a day other than a Saturday, Sunday or other day on which the Agent is not open to the public for carrying on substantially all of its banking functions.

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

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

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

"Change of Control" shall mean (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 20% or more of the outstanding shares of voting Capital Stock of the Company, other than any such acquisition by Peter Secchia, Carroll M. Shoffner or any Person wholly owned and controlled, free and clear of any Liens, by Peter Secchia and/or Carroll M. Shoffner; (ii) any Person or two or more Persons acting in concert shall have acquired, by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Company; (iii) Continuing Directors shall cease to constitute at least a majority of the directors constituting the board of directors of the Company; or (iv) the occurrence of any "Change of Control" or similar term as defined in any agreement or instrument relating to the Senior Note Debt.

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

"Commitment" shall mean, with respect to each Lender, the commitment of each such Lender to make Syndicated Loans and to participate in Letter of Credit Advances made through the Agent pursuant to Section

2.1, in amounts not exceeding in aggregate principal amount outstanding at any time the respective commitment amount for each such Lender set forth for such Lender on Schedule 1 hereto or otherwise established pursuant to Section 8.6, as such amounts may be reduced from time to time pursuant to Section 2.4.

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

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

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

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

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

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

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

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

"EBIT" shall mean, for any period, Net Income for such period plus all amounts deducted in determining such Net Income on account of (a) Total Interest Expense and (b) income taxes, all as determined for the Company and its Subsidiaries on a consolidated basis in accordance with Generally Accepted Accounting Principles.

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

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

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

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

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

"Eurodollar Business Day" shall mean, with respect to any Eurodollar Rate Loan, a day which is both a Business Day and a day on which dealings in Dollar deposits are carried out in the relevant interbank market.

"Eurodollar Interest Period" shall mean, with respect to any Eurodollar Rate Syndicated Loan, the period commencing on the day such Eurodollar Rate Syndicated Loan is made or converted to a Eurodollar Rate Syndicated Loan and ending on the date one, two, three or six months thereafter, as the Company may elect under Section 2.6 or 2.9, and each subsequent period commencing on the last day of the immediately preceding

Eurodollar Interest Period and ending on the date one, two, three or six months thereafter, as the Company may elect under Section 2.6 or 2.9, and with respect to any Eurodollar Rate Bid-Option Loan, the period commencing on the date of such Eurodollar Rate Bid-Option Loan and ending on a date between one month and twelve months thereafter, as the Company may elect in the Notice of Bid-Option Loan, provided, however, that (a) any Eurodollar Interest Period which commences on the last Eurodollar Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Eurodollar Business Day of the appropriate subsequent calendar month, (b) each Eurodollar Interest Period which would otherwise end on a day which is not a Eurodollar Business Day shall end on the next succeeding Eurodollar Business Day or, if such next succeeding Eurodollar Business Day falls in the next succeeding calendar month, on the next preceding Eurodollar Business Day, and (c) no Eurodollar Interest Period which would end after the Termination Date shall be permitted.

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

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

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

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

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

"Financial Contract" of a Person shall mean (i) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics, or (ii) any agreements, devices or arrangements providing for payments related to fluctuations of interest rates, exchange rates or forward rates, including, but not limited to, interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options.

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

"Floating Rate" shall mean the per annum rate equal to the greater of (i) the Prime Rate or (ii) the Federal Funds Rate plus 1/2%, in each case as in effect from time to time, which Floating Rate shall change simultaneously with any change in such Prime Rate or Federal Funds Rate, as the case may be.

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

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

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

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

"Guarantor" shall mean each present and future Domestic Subsidiary of the Company which is required to execute a Guaranty pursuant to this Agreement and each Person otherwise entering into a Guaranty from time to time.

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

"Intercreditor Agreement" shall mean, collectively, each intercreditor or similar agreement executed at any time among the Lenders, the Agent, the Senior Note Holders and such other parties thereto as agreed to by the Required Lenders, the Agent and the requisite number of Senior Note Holders, as amended or modified from time to time, under which agreement(s) the Lenders, the Agent and the Senior Note Holders agree to share equally and ratably in any proceeds realized from the enforcement of any guarantees from any Subsidiaries of the Company and any pledges of any Capital Stock of any Foreign Subsidiaries which guarantee or secure, as the case may be, the Lender Obligations or the Senior Note Debt, provided that each such Intercreditor Agreement shall be in form and substance acceptable to the Required Lenders and the Agent.

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

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

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

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

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

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

"Letter of Credit Advance" shall mean any issuance of a Letter of Credit under Section 2.6 made pursuant to Section 2.1 in which each Lender acquires a pro rata risk participation pursuant to Section 2.6(e).

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

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

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

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

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

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

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

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

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

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

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

"Obligors" shall mean the Company and the Guarantors.

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

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

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

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

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

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

"Prime Rate" shall mean the per annum rate announced by the Agent from time to time as its "prime rate" (it being acknowledged that such announced rate may not necessarily be the lowest rate charged by the Agent to any of its customers), which Prime Rate shall change simultaneously with any change in such announced rate.

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

"Rate Hedging Agreement" shall mean an agreement, device or arrangement providing for payments which are related to fluctuations of interest rates, exchange rates or forward rates, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency

exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants.

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

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

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

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

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

"Senior Note Debt" shall mean the Indebtedness permitted under Section 5.2(j)(vi).

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

"Significant Subsidiary" shall mean any one or more Subsidiaries which, if considered in the aggregate as a single Subsidiary, would comprise 10% or more of the total assets of the Company and its Subsidiaries on a consolidated basis.

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

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

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

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

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

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

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

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

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

"Total Debt" as of any date, shall mean, without duplication, all of the following for the Company and its Subsidiaries on a consolidated basis: (a) all Indebtedness for borrowed money and similar monetary obligations evidenced by bonds, notes, debentures, acceptances, Capital Lease obligations or otherwise, (b) all liabilities secured by any Lien existing on property owned or acquired by the Company or any Subsidiary subject thereto, whether or not the liability secured thereby shall have been assumed; (c) all reimbursement obligations under outstanding letters of credit, bankers' acceptances or similar instruments in respect of drafts which (i) may be presented or (ii) have been presented and have not yet been paid and are not included in clause (a) above; and (d) all guarantees and other Contingent Liabilities relating to indebtedness, obligations or liabilities of the type described in the foregoing clauses (a), (b) and (c).

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

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

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

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

"Year 2000 Issues" shall mean anticipated costs, problems and uncertainties associated with the inability of certain computer applications to effectively handle data including dates on and after January 1, 2000, as such inability affects the business, operations and financial condition of the Company and its Subsidiaries and of the Company and its Subsidiaries' material customers, suppliers and vendors.

"Year 2000 Program" is defined in Section 4.18.

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

1.3 Accounting Terms and Determinations.

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

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

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

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

2.1 Commitments of the Lenders and the Swingline Facility. (a) Each Lender agrees, for itself only, subject to the terms and conditions of this Agreement, to make Syndicated Loans to the Company pursuant to Section 2.6 and Section 3.3 and to participate in Letter of Credit Advances to the Company pursuant to Section 2.6 from time to time from and including the Effective Date to but excluding the Termination Date not to exceed in aggregate principal amount at any time outstanding the amount of its respective Commitment as of the date any such Syndicated Advance is made; provided, however, that the aggregate principal amount of Letter of Credit Advances outstanding at any time shall not exceed $10,000,000.

(b) Swingline Loans. (i) The Company may request the Agent to make, and the Agent may, in its sole discretion, make Swingline Loans to the Company from time to time on any Business Day during the period from the Effective Date until the Termination Date in an aggregate principal amount not to exceed at any time the lesser of (A) $15,000,000 (the "Swingline Facility") and (B) the aggregate amount of Syndicated Advances that could be but is not borrowed as of such date. Each Lender's Commitment shall be deemed utilized by an amount equal to such Lender's pro rata share (based on such Lender's Commitment) of each Swingline Loan for purposes of determining the amount of Syndicated Advances required to be made by such Lender. Swingline Loans shall bear interest at a rate agreed to by the Agent and the Company, provided that Swingline Loans shall bear interest at the rate applicable to Floating Rate Loans at any time the Swingline Loans are refunded by Floating Rate Loans or the Lenders are required to purchase participations therein under Section 2.1(b)(iii). Within the limits of the Swingline Facility, so long as the Agent, in its sole discretion, elects to make Swingline Loans, the Company may borrow and reborrow under this Section 2.1(b)(i).

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

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

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

2.2 Bid-Option Loans.

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

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

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

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

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

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

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

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

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

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

(A) the proposed date of the Borrowing;

(B) the principal amount of the Bid-Option Loan for which each such offer is being made, which principal amount (x) must be in a minimum of $3,000,000 or a larger multiple of

$1,000,000, and (y) may not exceed the principal amount of the Bid-Option Loans for which offers were requested;

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

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

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

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

(G) the identity of the quoting Lender.

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

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

(B) contains qualifying, conditional or similar language;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and expenses of the Agent in respect of the issuance, negotiation, acceptance, amendment, transfer and payment of such Letter of Credit or otherwise payable pursuant to the application and related documentation under which such Letter of Credit is issued.

(c) The Company agrees to pay to the Agent such fees for its services as Agent under this Agreement in such amounts as may from time to time be agreed upon by the Company and the Agent.

2.6 Disbursement of Syndicated Advances. (a) The Company shall give the Agent notice of its request for each Syndicated Advance in substantially the form of Exhibit H hereto not later than 10:00 a.m. Detroit time (i) three Eurodollar Business Days prior to the date such Advance is requested to be made if such Borrowing is to be made as a Eurodollar Rate Syndicated Loan denominated in Dollars, (ii) two Business Days prior to the date any Letter of Credit Advance is requested to be made and (iii) on the date such Syndicated Loan is requested to be made in all other cases, which notice shall specify whether a Eurodollar Rate Syndicated Loan, Floating Rate Loan or a Letter of Credit Advance is requested and, in the case of each requested Eurodollar Rate Syndicated Loan, the Interest Period to be initially applicable to such Loan. The Company shall give the Agent notice of its request for each Swingline Loan in such form requested by the Agent not later than 11:00 a.m. Detroit time on the same Business Day such Swingline Loan is requested to be made. The Agent, on the same day any such notice is given, shall provide notice of each such requested Syndicated Loan to each Lender. Subject to the terms and conditions of this Agreement, the proceeds of each such requested Syndicated Loan and Swingline Loan shall be made available to the Company by depositing the proceeds thereof, in immediately available funds, in an account maintained and designated by the Company at the principal office of the Agent. Subject to the terms and conditions of this Agreement, the Agent shall, on the date any Letter of Credit Advance is requested to be made, issue the related Letter of Credit on behalf of the Lenders for the account of the Company. Notwithstanding anything herein to the contrary, the Agent may decline to issue any requested Letter of Credit on the basis that the beneficiary, the purpose of issuance or the terms or the conditions of drawing are unacceptable to it based upon any legal, policy or ethical concerns in its reasonable discretion.

(b) Each Lender, on the date any Syndicated Loan is requested to be made, shall make its pro rata share of such Syndicated Loan available in immediately available funds for disbursement to the Company pursuant to the terms and conditions of this Agreement at the principal office of the Agent. Unless the Agent shall have received notice from any Lender prior to the date such Syndicated Loan is requested to be made under this Section 2.6 that such Lender will not make available to the Agent such Lender's pro rata portion of such Loan, the Agent may assume that such Lender has made such portion available to the Agent on the date such Loan is requested to be made in accordance with this Section 2.6. If and to the extent such Lender shall not have so made such pro rata portion available to the Agent, the Agent may (but shall not be obligated to) make such amount available to the Company, and such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount is made available to the Company by the Agent until the date such amount is repaid to the Agent, at a rate per annum equal to the Federal Funds Rate then in effect. If such Lender shall pay such amount to the Agent together with interest, such amount so paid shall constitute a Syndicated Loan by such Lender as part of the related Borrowing for purposes of this Agreement. The failure of any Lender to make its pro rata portion of any such Borrowing available to the Agent shall not relieve any other Lender of its obligation to make available its pro rata portion of such Loan on the date such Loan is requested to be made, but no Lender shall be responsible for failure of any other Lender to make such pro rata portion available to the Agent on the date of any such Loan.

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

(d) All Bid-Option Loans shall be disbursed directly by the Lender making such BidOption Loan to the Company by 1:30 p.m. Detroit time on the date such Bid-Option Loan is requested to be made via wire transfer in immediately available funds to NBD Bank, 611 Woodward Avenue, Detroit, Michigan 48226, ABA Number 072000326, Reference: Universal Forest Products, Inc. confirm to Agency Administration, or as otherwise directed by the Company.

(e) Nothing in this Agreement shall be construed to require or authorize any Lender to issue any Letter of Credit, it being recognized that the Agent has the sole obligation under this Agreement to issue Letters of Credit on behalf of the Lenders, and the Commitment of each Lender with respect to Letter of Credit Advances is expressly conditioned upon the Agent's performance of such obligations. Upon such issuance by the Agent, each Lender shall automatically acquire a pro rata risk participation interest in such Letter of Credit Advance based on the amount of its respective Commitment. If the Agent shall honor a draft or other demand for payment presented or made under any Letter of Credit, the Agent shall provide notice thereof to each Lender on the date such draft or demand is honored unless the Company shall have satisfied its reimbursement obligation under Section 3.3 by payment to the Agent on such date. Each Lender, on such date, shall make its pro rata share of the amount paid by the Agent available in immediately available funds at the principal office of the Agent for the account of the Agent. If and to the extent such Lender shall not have made such pro rata portion available to the Agent, such Lender and the Company severally agree to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount was paid by the Agent until such amount is so made available to the Agent at a per annum rate equal to the Federal Funds Rate. If such Lender shall pay such amount to the Agent together with such interest, such amount so paid shall constitute a Syndicated Loan by such Lender as part of the Revolving Credit Borrowing disbursed in respect of the reimbursement obligation of the Company under Section 3.3 for purposes of this Agreement. The failure of any Lender to make its pro rata portion of any such amount paid by the Agent available to the Agent shall not relieve any other Lender of its obligation to make available its pro rata portion of such amount, but no Lender shall be responsible for failure of any other Lender to make such pro rata portion available to the Agent.

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

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

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

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

(d) Legal Opinion. The favorable written opinion of counsel for the Obligors in the form of Exhibit I attached hereto;

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

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

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

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

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

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

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

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

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

2.10 Limitation of Requests and Elections. Notwithstanding any other provision of this Agreement to the contrary, if, upon receiving a request for a Eurodollar Rate Syndicated Borrowing pursuant to Section 2.6, or a request for a continuation of a Eurodollar Rate Syndicated Borrowing as a Eurodollar Rate Syndicated Borrowing of the then existing type, or a request for conversion of a Eurodollar Rate Syndicated Borrowing of one type to a Eurodollar Rate Syndicated Borrowing of another type, or a request for a conversion of a Floating Rate Borrowing to a Eurodollar Rate Syndicated Borrowing pursuant to Section 2.9, (a) in the case of any

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

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

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

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

(a) Pledges, pursuant to Pledge Agreements, of 65% of the present and future Capital Stock of certain present and future Foreign Subsidiaries and Guaranties of certain present and future Domestic Subsidiaries such that, at all times, the Domestic Subsidiaries which are not Guarantors and the Foreign Subsidiaries that do not have 65% of their Capital Stock pledged pursuant to Pledge Agreements do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; and

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

ARTICLE III.
PAYMENTS AND PREPAYMENTS

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

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

(c) The Company may at any time and from time to time prepay all or a portion of the Loans without premium in the case of Syndicated Loans, provided that (i) the Company may not prepay any portion of any Loan as to which an election for continuation of or conversion to a Eurodollar Rate Syndicated Loan is pending pursuant to Section 2.9, and (ii) unless earlier payment is required under this Agreement or unless the Company pays all amounts required pursuant to Section 3.9, any Eurodollar Rate Syndicated Loan or Bid-Option Loan may only be prepaid on the last day of the then current Interest Period with respect to such Loan.

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

(a) With respect to Syndicated Loans:

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

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

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

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

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

Notwithstanding the foregoing paragraphs (a) through (d), the Company shall pay interest on demand at the Overdue Rate on the outstanding principal amount of any Loan and any other amount payable by the Company hereunder (other than interest) upon the occurrence and during the continuance of any Event of Default.

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

(ii) If, for any reason (including without limitation as a result of the occurrence of an Event of Default with respect to the Company pursuant to Section 6.1(i)), Floating Rate Loans may not be made by the Lenders as described in Section 3.3(a)(i), then (A) the Company agrees that each reimbursement amount not paid pursuant to the first sentence of Section 3.3(a)(i) shall bear interest, payable on demand by the Agent, at the interest rate then applicable to Floating Rate Loans, and (B) effective on the date each such Floating Rate Loan would otherwise have been made, each Lender severally agrees that it shall unconditionally and irrevocably, without regard to the occurrence of any Default or Event of Default, in lieu of deemed disbursement of loans, to the extent of such Lender's Commitment, purchase a participating interest in each reimbursement amount. Each Lender will immediately transfer to the Agent, in same day funds, the amount of its participation. Each Lender shall share on a pro rata basis (calculated by reference to its Commitment) in any interest which accrues thereon and in all repayments thereof. If and to the extent that any Lender shall not have so made the amount of such participating interest available to the Agent, such Lender and the Company severally agree to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Agent until the date such amount is paid to the Agent, at (x) in the case of the Company, the interest rate then applicable to Floating Rate Loans and (y) in the case of such Lender, the Federal Funds Rate.

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

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

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

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

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

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

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

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

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

3.4 Payment Method. (a) All payments to be made by the Company hereunder will be made to the Agent at its principal office for the account of the Lenders in Dollars and in immediately available, freely transferable, cleared funds not later than 1:00 p.m. (Detroit time) on the date on which such payment shall be due. Payments received after 1:00 p.m. at the place for payment shall be deemed to be payments made prior to 1:00 p.m. at the place for payment on the next succeeding Business Day. The Company hereby authorizes the Agent to charge its account with the Agent in order to cause timely payment of amounts due hereunder to be made (subject to sufficient funds being available in such account for that purpose).

(b) At the time of making each such payment, the Company shall, subject to the other terms and conditions of this Agreement, specify to the Agent that Borrowing or other obligation of the Company hereunder to which such payment is to be applied. In the event that the Company fails to so specify the relevant

obligation or if an Event of Default shall have occurred and be continuing, the Agent may apply such payments as it may determine in its sole discretion to obligations of the Company to the Lenders arising under the Loan Documents.

(c) On the day such payments are deemed received, the Agent shall remit to the Lenders their pro rata shares of such payments in immediately available funds, to the Lenders at their respective address in the United States specified for notices pursuant to Section 8.2. Such pro rata shares shall be determined with respect to each such Lender, (A) in the case of payments of principal and interest on any Borrowing, by the ratio which the outstanding principal balance of its Loan included in such Borrowing bears to the outstanding principal balance of the Loans of all of the Lenders included in such Borrowing and (B) in the case of fees paid pursuant to Section 2.5 and other amounts payable hereunder (other than the Agent's fees payable pursuant to Section 2.5(d) and amounts payable to any Lender under Section 2.6 or 3.7) by the ratio which the Commitment of such Lender bears to the Commitments of all the Lenders.

3.5 No Setoff or Deduction. Subject to Section 7.15, all payments of principal of and interest on the Loans and other amounts payable by the Company hereunder shall be made by the Company without setoff or counterclaim, and free and clear of, and without deduction or withholding for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments, or other charges of whatever nature, imposed by any governmental authority, or by any department, agency or other political subdivision or taxing authority, unless required by applicable laws. If any such taxes, levies, imposts, duties, fees, assessments, or other charges are required to be withheld from any amounts payable hereunder with respect to any Advance, the amounts so payable shall be increased to the extent necessary to yield to the payee thereof the interest or any such other amounts payable hereunder at the rates and in the amounts specified in this Agreement.

3.6 Payment on Non-Business Day; Payment Computations. Except as otherwise provided in this Agreement to the contrary, whenever any installment of principal of, or interest on, any Loan or any other amount due hereunder becomes due and payable on a day which is not a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, in the case of any installment of principal, interest shall be payable thereon at the rate per annum determined in accordance with this Agreement during such extension. Computations of interest and other amounts due under this Agreement shall be made on the basis of a year of 360 days for the actual number of days elapsed, including the first day but excluding the last day of the relevant period.

3.7 Additional Costs. (a) If the adoption of or any change in any law, treaty, rule or regulation (whether domestic or foreign) applicable to any Lender or the Agent, or in any interpretation, application or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Lender or the Agent with any directive of any such authority (whether or not having the force of law) made subsequent to the Effective Date, shall (i) affect the basis of taxation of payments to any Lender or the Agent of any amounts payable by the Company under this Agreement (other than taxes imposed on the overall net income of the Lender or the Agent, by the jurisdiction, or by any political subdivision or taxing authority of any such jurisdiction, in which any Lender or the Agent, as the case may be, has its principal office), or (ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by any Lender or the Agent, as the case may be, or (iii) shall impose any other condition with respect to this Agreement, the Commitments, the Notes or the Advances,

and the result of any of the foregoing is to increase the cost to any Lender or the Agent, as the case may be, of making, funding or maintaining any Fixed Rate Loan or to reduce the amount of any sum receivable by any Lender or the Agent, thereon, then the Company shall pay to such Lender or the Agent, as the case may be, from time to time, upon request by such Lender (with a copy of such request to be provided to the Agent) or the Agent, additional amounts sufficient to compensate such Lender or the Agent, as the case may be, for such increased cost or reduced sum receivable to the extent, such Lender or the Agent, as the case may be, is not compensated therefor in the computation of the interest rate applicable to such Loan. Each Lender or the Agent, as the case may be, seeking compensation hereunder shall deliver to the Company a statement setting forth such increased cost or reduced sum receivable as such Lender or the Agent, as the case may be, has calculated in good faith. Such statement as to the amount of such increased cost or reduced sum receivable, prepared in good faith and in reasonable detail by such Lender or the Agent, as the case may be, and submitted by such Lender or the Agent, as the case may be, to the Company, shall be conclusive and binding for all purposes absent manifest error in computation.

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

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

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

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

3.10 Substitution of Lender. If (a) the obligation of any Lender to make or maintain Eurodollar Rate Syndicated Loans has been suspended pursuant to Section 3.8 or 2.10 when not all Lenders obligations have been suspended, (b) any Lender has demanded compensation under Section 3.7 or (c) any Lender is a Defaulting Lender, the Company shall have the right, if no Default or Event of Default then exists, to replace such Lender (a "Replaced Lender") with one or more other Lenders (collectively, the "Replacement Lender") acceptable to the Agent, provided that (i) at the time of any replacement pursuant to this Section 3.10, the Replacement Lender shall enter into one or more Assignment and Acceptances, pursuant to which the Replacement Lender shall acquire the Commitments and outstanding Advances and other obligations of the Replaced Lender and, in connection therewith, shall pay to the Replaced Lender in respect thereof an amount equal to the sum of (A) the amount of principal of, and all accrued interest on, all outstanding Loans of the Replaced Lender, (B) the amount of all accrued, but theretofore unpaid, fees owing to the Replaced Lender under Section 2.3 and (C) the amount

which would be payable by the Company to the Replaced Lender pursuant to Section 3.9 if the Company prepaid at the time of such replacement all of the Loans of such Replaced Lender outstanding at such time and (ii) all obligations of the Company then owing to the Replaced Lender (other than those specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being, paid) shall be paid in full to such Replaced Lender concurrently with such replacement. Upon the execution of the respective Assignment and Acceptances, the payment of amounts referred to in clauses (i) and (ii) above and, if so requested by the Replacement Lender, delivery to the Replacement Lender of the appropriate Note or Notes, if any, executed by the Company, the Replacement Lender shall become a Lender hereunder and the Replaced Lender shall cease to constitute a Lender hereunder. The provisions of this Agreement (including without limitation Sections 3.9 and 8.5) shall continue to govern the rights and obligations of a Replaced Lender with respect to any Advances made or any other actions taken by such Lender while it was a Lender. Nothing herein shall release any Defaulting Lender from any obligation it may have to the Company, the Agent or any other Lender.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Agent and the Lenders that:

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

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

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

4.4 Subsidiaries. Schedule 4.4 hereto correctly sets forth the corporate name, jurisdiction of organization and ownership of each Subsidiary of the Company. Each Subsidiary and each Person becoming a

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

4.5 Litigation. Except as set forth in Schedule 4.5 hereto, there is no action, suit or proceeding pending or, to the best of the Company's knowledge, threatened against or affecting the Company or any of its Subsidiaries before or by any court, governmental authority or arbitrator, which is reasonably likely to result either individually or collectively, in a Material Adverse Effect and, to the best of the Company's knowledge, there is no basis for any such action, suit or proceeding.

4.6 Financial Condition. The consolidated balance sheet of the Company and its Subsidiaries and the consolidated statements of income, and cash flows of the Company and its Subsidiaries for the fiscal year ended December 27, 1997 and reported on by Deloitte & Touche LLP, independent certified public accountants, and the interim consolidated balance sheet and interim consolidated statements of income and cash flows of the Company and its Subsidiaries, as of or for the six month period ended on June 27, 1998, copies of which have been furnished to the Lenders, fairly present, and the financial statements of the Company and its Subsidiaries delivered pursuant to Section 5.1(d) will fairly present the consolidated financial position of the Company and its Subsidiaries as at the respective dates thereof, and the consolidated results of operations of the Company and its Subsidiaries for the respective periods indicated, all in accordance with Generally Accepted Accounting Principles consistently applied (subject, in the case of said interim statements, to year-end audit adjustments). There has been no Material Adverse Effect since the date of the consolidated balance sheet of the Company delivered to the Lenders prior to the Effective Date.

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

4.8 Consents, Etc. Except for such consents, approvals, authorizations, declarations, registrations or filings delivered by the Company pursuant to Section 2.7(f), if any, each of which is in full force and effect, no consent, approval or authorization of or declaration, registration or filing with any governmental authority or any nongovernmental Person, including without limitation any creditor, lessor or stockholder of the Company or

Guarantor, is required on the part of the Company or Guarantor in connection with the execution, delivery and performance of the Loan Documents, or the transactions contemplated hereby or as a condition to the legality, validity or enforceability of the Loan Documents. The Company and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective properties if failure to comply therewith could reasonably be expected to have a Material Adverse Effect.

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

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

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

4.12 Environmental and Safety Matters. Except as disclosed on Schedule 4.12 hereto, the Company and each Subsidiary of the Company is in substantial compliance with all material federal, state and local laws, ordinances and regulations relating to safety and industrial hygiene or to the environmental condition, including

without limitation all material Environmental Laws in jurisdictions in which the Company or any such Subsidiary owns or operates, or has owned or operated, a facility or site, or arranges or has arranged for disposal or treatment of hazardous substances, solid waste, or other wastes, accepts or has accepted for transport any hazardous substances, solid wastes or other wastes or holds or has held any interest in real property or otherwise. No written demand, claim, notice, suit, suit in equity, action, administrative action, investigation or inquiry whether brought by any governmental authority, private Person or otherwise, arising under, relating to or in connection with any Environmental Laws is pending or, to the best of the Company's actual knowledge, threatened against the Company or any such Subsidiary, any real property in which the Company or any such Subsidiary holds or has held an interest or any past or present operation of the Company or any such Subsidiary which could have a Material Adverse Effect. As of the date hereof, except as disclosed in Schedule 4.12 hereto, neither the Company nor any Subsidiary of the Company (a) is the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic substances, radioactive materials, hazardous wastes or related materials into the environment, or (b) has received any notice of any toxic substances, radioactive materials, hazardous waste or related materials in, or upon any of its properties in violation of any Environmental Laws. As to the matters disclosed in Schedule 4.12 hereto, none could have a Material Adverse Effect. No release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring or has occurred on, under or to any real property in which the Company or any of its Subsidiaries holds any interest or performs any of its operations, in violation of any Environmental Law which could have a Material Adverse Effect.

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

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

4.15 Plan Assets; Prohibited Transactions. The Company is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. ss. 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Advances hereunder gives rise to a Prohibited Transaction.

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

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

4.18 Year 2000. The Company has made a full and complete assessment of the Year 2000 Issues and has a realistic and achievable program for remediating the Year 2000 Issues on a timely basis (the "Year 2000 Program"). Based on such assessment and on the Year 2000 Program the Company does not reasonably anticipate that Year 2000 Issues will have a Material Adverse Effect.

ARTICLE V.
COVENANTS

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

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

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

(c) Maintenance of Properties; Insurance. Maintain, preserve and protect all property that is material to the conduct of the business of the Company or any of its Subsidiaries and keep such property in good repair, working order and condition and from time to time make, or cause to be made all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times in accordance with customary and prudent

business practices for similar businesses; and, maintain in full force and effect insurance with responsible and reputable insurance companies or associations in such amounts, on such terms and covering such risks, as is usually carried by companies engaged in similar businesses and owning similar properties similarly situated and maintain in full force and effect public liability insurance, insurance against claims for Personal injury or death or property damage occurring in connection with any of its activities or any properties owned, occupied or controlled by it, in such amount as it shall reasonably deem necessary.

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

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

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

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

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

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

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

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

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

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

(g) Further Assurances. Will, and will cause each Guarantor to, execute and deliver within 30 days after request therefor by the Required Lenders or the Agent, all further instruments and documents and take all further action that may be necessary or desirable, in order to give effect to, and to aid in the exercise and enforcement of the rights and remedies of the Lenders and the Agent under, the Loan Documents. In addition, the Company agrees to deliver to the Agent and the Lenders from time to time upon the acquisition or creation

of any Subsidiary not listed in Schedule 4.4 hereto supplements to Schedule 4.4 such that such Schedule, together with such supplements, shall at all times accurately reflect the information provided for thereon.

(h) Year 2000. Take, and cause each of its Subsidiaries to take, all such actions as are reasonably necessary to successfully implement the Year 2000 Program and to assure that Year 2000 Issues will not have a Material Adverse Effect. At the request of the Agent, the Company will provide a description of the Year 2000 Program, together with any updates or progress reports with respect thereto.

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

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

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

(c) Net Worth. Permit or suffer the Net Worth at any time to be less than $155,0000,000, plus 50% of Consolidated net income of the Company and its Subsidiaries for the fiscal quarter of the Company ending in December, 1998 and each fiscal year of the Company ending thereafter, provided that if such Consolidated net income of the Company and its Subsidiaries is negative for the fiscal quarter ending in December, 1998 or any fiscal year thereafter, as the case may be, the amount added for such fiscal quarter or year shall be zero and it shall not reduce the amount added for any other fiscal year, and plus 100% of the net proceeds from the sale or other transfer of any Capital Stock of the Company.

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

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

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

secure public or statutory obligations of the Company or any of its Subsidiaries, or surety, customs or appeal bonds to which the Company or any of its Subsidiaries is a party;

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

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

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

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

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

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

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

Acquisition is permitted by Section 5.2(h) and satisfies the conditions described therein and the Company or such Subsidiary shall be the surviving corporation.

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

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

(h) Investments, Loans and Advances. Purchase or otherwise acquire any Capital Stock of or other ownership interest in, or debt securities of or other evidences of Indebtedness of, any other Person; nor acquire all or any material portion of the assets of any Person; nor make any other Acquisition; nor make any loan or advance of any of its funds or property or make any other extension of credit to, or make any investment or acquire any interest whatsoever in, any other Person; nor permit any Subsidiary to do any of the foregoing; other than (i) extensions of trade credit made in the ordinary course of business on customary credit terms and commission, travel, relocation and similar advances made to officers and employees in the ordinary course of business, (ii) investments, loans and advances in and to the Company or any Guarantor, (iii) investments in Cash Equivalents, and (iv) Acquisitions, provided each of the following conditions is satisfied: (A) there is no Default or Event of Default either before or after such Acquisition, (B) the representations and warranties contained in this Agreement shall be true and correct as if made on and as of the date such Acquisition is consummated, both before and after giving effect thereto, (C) if such Acquisition involves the acquisition of Capital Stock, the consummation of such Acquisition has been recommended by the board of directors and management of the target of such Acquisition, and (D) if the total consideration, cash or non-cash, paid or payable for such Acquisition is greater than $15,000,0000, prior to the consummation of such Acquisition, the Company shall deliver a satisfactory pro forma covenants compliance certificate to the Agent and the target of such Acquisition is in the same line of business as the Company, (v) other investments, loans and advances described on Schedule 5.2(h) hereto, and (vi) other investments, loans and advances in aggregate outstanding amount not to exceed an amount equal to 10% of Net Worth.

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

(j) Indebtedness and Contingent Liabilities. Create, incur, assume or in any manner become liable in respect of or suffer to exist, any Indebtedness or Contingent Liabilities other than:

(i) the Lender Obligations;

(ii) The Indebtedness and Contingent Liabilities described on Schedule 5.2(j) hereto, as amended, extended, supplemented or otherwise modified from time to time, provided that no increase in the amount thereof (as such amount is reduced from time to time) and no modification of the terms thereof which are less favorable to the Company or any of its Subsidiaries or more restrictive on the Company or any of its Subsidiaries in any material manner shall be permitted;

(iii) Indebtedness of the Company or any Guarantor owing to the Company or to any other Guarantor;

(iv) Indebtedness of the Company and/or any of its Subsidiaries denominated in (A) Canadian dollars which do not exceed in aggregate outstanding amount at any time an amount equal to the equivalent in Dollars of $10,000,000 and (B) Mexican pesos which do not exceed in aggregate outstanding amount at any time an amount equal to the equivalent in Dollars of $5,000,000;

(v) Indebtedness under Rate Hedging Agreements, provided that such Rate Hedging Agreements are entered into to hedge its own exposure, and neither the Company nor any of its Subsidiaries shall enter into any Financial Contracts for purposes of financial speculation;

(vi) Indebtedness in aggregate principal amount not to exceed (A) $35,000,000 outstanding under the $40,000,000 7.5% Senior Notes due May 5, 2004 issued by the Company pursuant to the Note Agreement among the Company and the holders of such notes dated as of May 1, 1994, and (B) up to an additional $100,000,000 pursuant to a private placement of senior long term debt (with a final maturity after October 31, 2003) entered into after the Effective Date, in each case as amended, extended supplemented or otherwise modified from time to time, provided that no increase in the amount thereof (as such amount is reduced from time to time) and no shortening of any of the maturities (whether final or interim) shall be permitted; and

(vii) Other Indebtedness and Contingent Liabilities in aggregate outstanding amount not to exceed an amount equal to 20% of Net Worth.

(k) Dividends and Other Restricted Payments Make, pay, declare or authorize any dividend, payment or other distribution in respect of any class of its Capital Stock or any dividend, payment or distribution in connection with the redemption, purchase, retirement or other acquisition, directly or

indirectly, of any shares of its Capital Stock if a Default or Event of Default exists or would be caused thereby. The Company will not issue any Disqualified Stock.

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

5.3 Additional Covenants. If at any time the Company shall enter into or be a party to any instrument or agreement, including all such instruments or agreements in existence as of the date hereof and all such instruments or agreements entered into after the date hereof, relating to or amending any provisions applicable to any of its Indebtedness which in the aggregate, together with any related Indebtedness, exceeds $10,000,000, which includes covenants or defaults not substantially provided for in this Agreement or more favorable to the lender or lenders thereunder than those provided for in this Agreement, then the Company shall promptly so advise the Agent and the Lenders. Thereupon, if the Agent or the Required Lenders shall request, upon notice to the Company, the Agent and the Lenders shall enter into an amendment to this Agreement or an additional agreement (as the Agent may request), providing for substantially the same covenants and defaults as those provided for in such instrument or agreement to the extent required and as may be selected by the Agent.

ARTICLE VI.
DEFAULT

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

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

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

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

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

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

(f) Cross Default. The Company or any of its Subsidiaries shall fail to pay any part of the principal of, the premium, if any, or the interest on, or any other payment of money due under any of its Indebtedness (other than Indebtedness hereunder), beyond any period of grace provided with respect thereto, which individually or together with other such Indebtedness as to which any such failure exists has an aggregate outstanding principal amount in excess of $2,500,000; or if the Company or any of its Subsidiaries fails to perform or observe any other term, covenant or agreement contained in any agreement, document or instrument evidencing or securing any such Indebtedness having such aggregate outstanding principal amount, or under which any such Indebtedness was issued or created, beyond any period of grace, if any, provided with respect thereto, or any other event shall occur or condition exist, the effect of which failure to observe or perform or the occurrence of such event or condition is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity or declared to be due and payable or required to be prepaid or repurchased prior to the stated maturity thereof; provided, however, that an Event of Default shall not be deemed to have occurred under this Section 6.1(f) if any of the foregoing events occurs only with respect to Subsidiaries which are not wholly owned Subsidiaries of the Company or Guarantors and if all such non wholly owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary but the Company shall provide notice to the Agent of the occurrence of any such event described in this proviso; or

(g) Judgments. One or more judgments or orders for the payment of money in an aggregate amount of $2,500,000 shall be rendered against the Company or any of its Subsidiaries, or any other judgment or order (whether or not for the payment of money) shall be rendered against or shall affect the Company or any of its Subsidiaries which causes or could cause a Material Adverse Effect, and either (i) such judgment or order shall have remained unsatisfied or uninsured for a period of 30 days and the Company or such Subsidiary shall not have taken action necessary to stay enforcement thereof by reason of pending appeal or otherwise, prior to the expiration of the applicable period of limitations for taking such action or, if such action shall have been taken, a final order denying such stay shall have been rendered, or (ii) enforcement proceedings shall have been commenced by any creditor upon any such judgment or order; provided, however, that an Event of Default shall not be deemed to have occurred under this Section 6.1(g) if any of the foregoing events occurs only with respect to Subsidiaries which are not wholly owned Subsidiaries of the Company or Guarantors and if all such non wholly owned Subsidiaries do not, if considered in the aggregate as a single Subsidiary, constitute a Significant Subsidiary; or

(h) ERISA. The occurrence of a Reportable Event that results in or could result in liability in excess of $2,500,000 of the Company, any Subsidiary of the Company or their ERISA Affiliates to the PBGC or to any Plan and such Reportable Event is not corrected within thirty (30) days after the occurrence thereof; or the occurrence of any Reportable Event which could constitute grounds for termination of any Plan of the Company, its Subsidiaries or their ERISA Affiliates by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer any such Plan and such Reportable Event is not corrected

within thirty (30) days after the occurrence thereof; or the filing by the Company, any Subsidiary of the Company or any of their ERISA Affiliates of a notice of intent to terminate a Plan or the institution of other proceedings to terminate a Plan; or the Company, any Subsidiary of the Company or any of their ERISA Affiliates shall fail to pay when due any liability to the PBGC or to a Plan; or the PBGC shall have instituted proceedings to terminate, or to cause a trustee to be appointed to administer, any Plan of the Company, its Subsidiaries or their ERISA Affiliates; or any Person engages in a Prohibited Transaction with respect to any Plan which results in or could result in liability of the Company, any Subsidiary of the Company, any of their ERISA Affiliates, any Plan of the Company, its Subsidiaries or their ERISA Affiliates or fiduciary of any such Plan; or failure by the Company, any Subsidiary of the Company or any of their ERISA Affiliates to make a required installment or other payment to any Plan within the meaning of Section 302(f) of ERISA or Section 412(n) of the Code that results in or could result in liability in excess of $2,500,000 of the Company, any Subsidiary of the Company or any of their ERISA Affiliates to the PBGC or any Plan; or the withdrawal of the Company, any of its Subsidiaries or any of their ERISA Affiliates from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(9a)(2) of ERISA; or the Company, any of its Subsidiaries or any of their ERISA Affiliates becomes an employer with respect to any Multiemployer Plan without the prior written consent of the Required Lenders; provided, however, that this Section 6.1(h) shall apply only to events or occurrences which, when aggregated with all other events and occurrences described in this Section 6.1(h), could result in liability to the Company or its Subsidiaries greater than $2,500,000; or

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

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

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

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

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

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

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

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

(i) First, to the payment of all reasonable costs and expenses, including

without limitation all reasonable attorneys' fees, of the Agent in connection with the enforcement of the Pledge Agreement and the Guaranties and otherwise administering this Agreement;

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

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

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

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

(vi) Sixth, to the Company, its Subsidiaries or such other Person as may be legally entitled thereto.

For the purposes of the above payments and distributions, the full amount of Lender Indebtedness on account of any Letter of Credit then outstanding but not drawn upon shall be deemed to be then due and owing. Amounts distributable to the Lenders or Agent on account of such Lender Indebtedness under such Letters of Credit shall be deposited in a separate collateral account in the name of and under the control of the Agent and held by the Agent first as security for such Letter of Credit Lender Indebtedness and then as security for all other Lender Indebtedness and the amount so deposited shall be applied to the Letter of Credit Lender Indebtedness at such times and to the extent that such Letter of Credit Lender Indebtedness become absolute liabilities and if and to the extent that the Letter of Credit Lender Indebtedness fail to become absolute Lender Indebtedness because of the expiration or termination of the underlying Letters of Credit without being drawn upon then such amounts shall be applied to the remaining Lender Indebtedness in the order provided in this Section 6.2(d). The Company hereby grants to the Agent, for the benefit of the Lenders and Agent, a lien and security interest in all such funds deposited in such separate collateral account, as security for all the Lender Indebtedness as set forth above.

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

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

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

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

ARTICLE VII.
THE AGENT AND THE LENDERS

7.1 Appointment; Nature of Relationship. NBD Bank is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article VII. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is a "representative" of the Lenders within the meaning of Section 9-105 of the Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

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

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

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

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

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

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

7.8 Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Company for which the Agent is entitled to reimbursement by the Company

under the Loan Documents, (ii) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent. The obligations of the Lenders under this Section 7.8 shall survive payment of the Lender Obligations and termination of this Agreement.

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

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

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

7.12 Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Company, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. The Agent may be removed at any time with or without cause by written notice

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

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

7.14 Sharing of Payments. The Lenders agree among themselves that, in the event that any Lender shall obtain payment in respect of any Advance or any other obligation owing to the Lenders under this Agreement through the exercise of a right of set-off, banker's lien, counterclaim or otherwise in excess of its ratable share of payments received by all of the Lenders on account of the Advances and other obligations (or if no Advances are outstanding, ratably according to the respective amounts of the Commitments), such Lender shall promptly purchase from the other Lenders participations in such Advances and other obligations in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all of the Lenders share such payment in accordance with such ratable shares. The Lenders further agree among themselves that if payment to a Lender obtained by such Lender through the exercise of a right of set-off, banker's lien, counterclaim or otherwise as aforesaid shall be rescinded or must otherwise be restored, each Lender which shall have shared the benefit of such payment shall, by repurchase of participations theretofore sold, return its share of that benefit to each Lender whose payment shall have been rescinded or otherwise restored. The Company agrees that any Lender so purchasing such a participation may, to the fullest extent

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

7.15 Withholding Tax Exemption Each Lender that is not organized and incorporated under the laws of the United States or any State thereof agrees to file with the Agent and the Company, in duplicate, (a) on or before the later of (i) the Effective Date and (ii) the date such Lender becomes a Lender under this Agreement and (b) thereafter, for each taxable year of such Lender (in the case of a Form 4224) or for each third taxable year of such Lender (in the case of any other form) during which interest or fees arising under this Agreement and the Notes are received, unless not legally able to do so as a result of a change in United States income tax enacted, or treaty promulgated, after the date specified in the preceding clause (a), on or prior to the immediately following due date of any payment by the Company hereunder, a properly completed and executed copy of either Internal Revenue Service Form 4224 or Internal Revenue Service Form 1001 and Internal Revenue Service Form W-8 or Internal Revenue Service Form W-9 and any additional form necessary for claiming complete exemption from United States withholding taxes (or such other form as is required to claim complete exemption from Unites States withholding taxes), if and as provided by the Code or other pronouncements of the United States Internal Revenue Service, and such Lender warrants to the Company that the form so filed will be true and complete; provided that such Lender's failure to complete and execute such Form 4224 or Form 1001, or Form W-8 or Form W-9, as the case may be, and any such additional form (or any successor form or forms) shall not relieve the Company of any of its obligations under this Agreement, except as otherwise provided in this Section 7.15.

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

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

ARTICLE VIII.
MISCELLANEOUS

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

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

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

8.2 Notices. (a) Except as otherwise provided in Section 8.2(c) hereof, all notices and other communications hereunder shall be sent to the Company at 2801 East Beltline NE, Grand Rapids, Michigan 49505, Attention: Chief Financial Officer, Facsimile No. 616-364-3136, to the Agent and the Lenders at the respective addresses and numbers for notices set forth on the signatures pages hereof, or to such other address as may be designated by the Company, the Agent or any Lender by notice to the other parties hereto. All notices and other communications shall be deemed to have been given at the time of actual delivery thereof to such address, or if sent by certified or registered mail, postage prepaid, to such address, on the third day after the date of mailing, or if deposited prepaid with Federal Express or other nationally recognized overnight delivery service prior to the deadline for next day delivery, on the Business Day next following such deposit, provided, however, that notices to the Agent shall not be effective until received.

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

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

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

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

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

including without limitation counsel who are employees of the Agent or any Lender, and whether incurred through negotiations, legal proceedings or otherwise) in connection with any Default or Event of Default or the enforcement of, or the exercise or preservation of any rights under, the Loan Documents and (iv) all reasonable costs and expenses of the Agent and the Lenders (including reasonable fees and expenses of counsel) in connection with any action or proceeding relating to a court order, injunction or other process or decree restraining or seeking to restrain the Agent from paying any amount under, or otherwise relating in any way to, any Letter of Credit and any and all costs and expenses which any of them may incur relative to any payment under any Letter of Credit.

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

(c) The Company agrees to indemnify each Lender, the Agent and each of their respective officers, directors, employees, agents and advisors (collectively, the "Indemnified Parties") and hold each Indemnified Party harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind at any time, including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by any Indemnified Party in connection with any investigative, administrative or judicial

proceeding (whether or not such Indemnified Party shall be designated a party thereto) (collectively, the "Indemnified Liabilities") at any time relating to (whether before or after the execution of this Agreement) any of the following:

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

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

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

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

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

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

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

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

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

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

such Lender that is a bank or financial institution all or a portion of its rights and obligations under this Agreement. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

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

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

(g) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Company. Within five Business Days after its receipt of such notice, the Company, at its own expense, shall execute and deliver to the Agent in

exchange for the surrendered Note or Notes a new Note to the order of such assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit L hereto.

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

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

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

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

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

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

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

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

and such invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Company under the Loan Documents in any other jurisdiction.

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

8.13 Interest Rate Limitation. Notwithstanding any provisions of this Agreement or the Notes, in no event shall the amount of interest paid or agreed to be paid by the Company exceed an amount computed at the highest rate of interest permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision of this Agreement or the Notes at the time performance of such provision shall be due, shall involve exceeding the interest rate limitation validly prescribed by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligations to be fulfilled shall be reduced to an amount computed at the highest rate of interest permissible under applicable law, and if for any reason whatsoever any Lender shall ever receive as interest an amount which would be deemed unlawful under such applicable law such interest shall be automatically applied to the payment of principal of such Lender's Advances outstanding hereunder (whether or not then due and payable) and not to the payment of interest, or shall be refunded to the Company if such principal and all other obligations of the Company to such Lender have been paid in full.

8.14 Acknowledgments. The Company hereby acknowledges that:

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

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

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

8.15 Submission To Jurisdiction; Waivers. The Company hereby irrevocably and unconditionally:

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

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any

such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

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

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

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

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

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

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

UNIVERSAL FOREST PRODUCTS, INC.

By: _____

Its: _____

Address for Notices:

611 Woodward Avenue
Detroit, Michigan 48226
Attention: William Goodhue

Facsimile No.: (313) 225-2290
Telephone No.: (313) 225-2227

NBD BANK, as a Lender and as Agent

By: _____

Its: _____

Address for Notices:

77 Monroe Center, N.W.
Grand Rapids, MI 49501
Attention: Donald Van Dine

Facsimile No.: (616) 451-7708
Telephone No.: (616) 451-7658

MICHIGAN NATIONAL BANK

By: _____

Its: _____

Address for Notices:

100 North Tryon Street, 8th Floor
Charlotte, North Carolina 28269
Attention: Michael Colon

Facsimile No.: (704) 386-9835
Telephone No.: (704) 386-1264

NATIONSBANK, N.A.

By: _____

Its: _____

Address for Notices:

500 Woodward Avenue, 9TH Floor
Detroit, Michigan 48226
Attention: Robert Porterfield

Facsimile No.: (313) 222-9514
Telephone No.: (313) 222-7802

COMERICA BANK

By: _____

Its: _____

Address for Notices:

1001 South Worth, R-J40-4A
Birmingham, MI 48009
Attention: Kenneth Ehrhardt

Facsimile No.: (248) 901-2034
Telephone No.: (248) 901-1402

NATIONAL CITY BANK

By: _____

Its: _____

Address for Notices:

2200 West Main Street
Durham, North Carolina 27705-4664
Attention: Bill Alfano

Facsimile No.: (919) 286-6134
Telephone No.: (919) 286-6150

with a copy to:

101 E. Raleigh Street
Siler City, North Carolina 27344
Attention: Shannon Townsend

Facsimile No.: (919) 663-2304
Telephone No.: (919) 663-5872

FIRST UNION NATIONAL BANK

By: _____

Its: _____

Address for Notices:

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

Facsimile No.: (616) 771-4641
Telephone No.: (616) 771-5516

OLD KENT BANK

By: _____

Its: _____

Address for Notices:

115 South LaSalle Street, 12th Floor
Chicago, Illinois 60603
Attention: Sheila Weimer

Facsimile No.: (312) 750-3702
Telephone No.: (312) 750-6044

BANK OF MONTREAL

By: _____

Its: _____

Address for Notices:

191 Peachtree Street, N.E.
Atlanta, Georgia 30303
Attention: Katie Proctor

Facsimile No.: (404) 332-6898
Telephone No.: (404) 332-4036

WACHOVIA BANK, N.A.

By: _____

Its: _____

EXHIBIT 10(j)

UNIVERSAL FOREST PRODUCTS, INC.

NOTE AGREEMENT

Dated as of December 1, 1998

Re: $21,500,000 6.69% Series 1998A Senior Notes, Tranche A,
Due December 21, 2005
and
$59,500,000 6.98% Series 1998A Senior Notes, Tranche B,
Due December 21, 2008
and
$19,000,000 6.98% Series 1998A Senior Notes, Tranche C,
Due December 21, 2008

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(Not a part of the Agreement)

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UNIVERSAL FOREST PRODUCTS, INC.
2801 EAST BELTLINE, N.E.
GRAND RAPIDS, MICHIGAN 49525
NOTE AGREEMENT

Re: $21,500,000 6.69% Series 1998A Senior Notes, Tranche A,
Due December 21, 2005
and
$59,500,000 6.98% Series 1998A Senior Notes, Tranche B,
Due December 21, 2008
and
$19,000,000 6.98% Series 1998A Senior Notes, Tranche C,
Due December 21, 2008

Dated as of
December 1, 1998

To the Purchaser named in Schedule I
hereto which is a signatory of this
Agreement

Ladies and Gentlemen:

The undersigned, Universal Forest Products, Inc., a Michigan corporation (the "Company"), agrees with you as follows:

SECTION 1. DESCRIPTION OF NOTES AND COMMITMENT.

Section 1.1. Description of Notes. (a) The Company will authorize the issue and sale of:

(i) $21,500,000 aggregate principal amount of its 6.69% Series 1998A Senior Notes, Tranche A (the "Tranche A Notes"), to be dated the date of issue, to bear interest from such date at the rate of 6.69% per annum, payable semiannually on the twenty-first day of June and December in each year (commencing June 21, 1999) and at maturity and to bear interest on overdue principal (including any overdue required or optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest at the Overdue Rate after the date due, whether by acceleration or otherwise, until paid, to mature on December 21, 2005, and to be substantially in the form attached hereto as Exhibit A-1; and

(ii) $59,500,000 aggregate principal amount of its 6.98% Series 1998A Senior Notes, Tranche B (the "Tranche B Notes"), to be dated the date of issue, to bear interest from such date at the rate of 6.98% per annum, payable semiannually on the twenty-first day of June and December in each year (commencing June 21, 1999) and at maturity and to bear interest on overdue principal (including any overdue required or optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest at the Overdue Rate after the date due, whether by acceleration or otherwise, until paid, to mature on December 21, 2008, and to be substantially in the form attached hereto as Exhibit A-2; and

(iii) $19,000,000 aggregate principal amount of its 6.98% Series 1998A Senior Notes, Tranche C (the "Tranche C Notes"; and, together with the Tranche A Notes and the Tranche B Notes, the "Series 1998A Notes"), to be dated the date of issue, to bear interest from such date at the rate of 6.98% per annum, payable semiannually on the twenty-first day of June and December in each year (commencing June 21, 1999) and at maturity and to bear interest on overdue principal (including any overdue required or optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest at the Overdue Rate after the date due, whether by acceleration or otherwise, until paid, to mature on December 21, 2008, and to be substantially in the form attached hereto as Exhibit A-3. The Series 1998A Notes, together with each series of Additional Notes which may from time to time be issued pursuant to the provisions of Section 1.4, are sometimes hereinafter collectively referred to as the "Notes".

(b) Interest on the Series 1998A Notes shall be computed on the basis of a 360 day year of twelve 30-day months. The Series 1998A Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the premium, if any, set forth in Section 2. You and the other purchasers named in Schedule I are hereinafter sometimes referred to as the "Purchasers". The terms which are capitalized herein shall have the meanings set forth in Section 8.1 unless the context shall otherwise require.

Section 1.2. Commitment, Closing Dates. Subject to the terms and conditions hereof and on the basis of the representations and warranties hereinafter set forth, the Company agrees to issue and sell to you, and you agree to purchase from the Company, the Series 1998A Notes in the principal amount and of the tranche set forth opposite your name on Schedule I hereto at a price of 100% of the principal amount thereof on the Closing Dates hereafter mentioned.

Delivery of the Series 1998A Notes will be made at the offices of Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603, against payment therefor in Federal Reserve or other funds current and immediately available at the principal office of Harris Bank, Chicago, Illinois, ABA# 071000288, Account Name: Universal Forest Products, Inc., Concentration Account, Account No.: 4344743, in the amount of the purchase price at 10:00 A.M., Chicago time, on the date or dates set forth opposite your name on Schedule I hereto, the first of which shall occur on December 21, 1998 and the second of which shall occur on February 4, 1999 (each a "Closing Date" and collectively, the "Closing Dates"). The Notes delivered to you on the Closing Date will be delivered to you in the form of a single registered Note of each tranche in the form attached hereto as Exhibits A-1, A-2 and A-3, as the case may be, for the full amount of your purchase (unless different denominations are specified by you), registered in your name or in the name of such nominee as may be specified in Schedule I attached hereto.

Section 1.3. Other Agreements. Simultaneously with the execution and delivery of this Agreement, the Company is entering into similar agreements with the other Purchasers under which such other Purchasers agree to purchase from the Company the principal amount and the tranche of Series 1998A Notes set opposite such Purchaser's name in Schedule I, and your obligation and the obligations of the Company hereunder are subject to the execution and delivery of the similar agreements by the other Purchasers. This Agreement and said similar agreements with the other Purchasers, together with any Supplement, are herein collectively referred to as the "Agreements". The obligations of each Purchaser, and the obligations of the Additional Purchasers under the Supplements, shall be several and not joint and no Purchaser shall be liable or

responsible for the acts of any other Purchaser or have any obligation under any Supplement or any liability to any Person for the performance or non-performance by any Additional Purchaser thereunder.

Section 1.4. Additional Series of Notes. The Company may, from time to time, in its sole discretion but subject to the terms hereof, issue and sell one or more additional series of its unsecured promissory notes under the provisions of this Agreement pursuant to a supplement (a "Supplement") substantially in the form attached hereto as Exhibit F. Each additional series of Notes (the "Additional Notes") issued pursuant to a Supplement shall be subject to the following terms and conditions:

(i) each series of Additional Notes, when so issued, shall be differentiated from all previous series by year and sequential alphabetical designation inscribed thereon;

(ii) Additional Notes of the same series may consist of more than one different and separate tranches and may differ with respect to outstanding principal amounts, maturity dates, interest rates and premiums, if any, and price and terms of redemption or payment prior to maturity;

(iii) each series of Additional Notes shall be dated the date of issue, bear interest at such rate or rates, mature on such date or dates, be subject to such mandatory and optional prepayment on the dates and at the premiums, if any, have such additional or different conditions precedent to closing, such representations and warranties and such additional covenants as shall be specified in the Supplement under which such Additional Notes are issued;

(iv) each series of Additional Notes issued under this Agreement shall be in substantially the form attached hereto as Exhibit 1 to Exhibit F with such variations, omissions and insertions as are necessary or permitted hereunder;

(v) the minimum principal amount of any Note issued under a Supplement shall be $100,000, except as may be necessary to evidence the outstanding amount of any Note originally issued in a denomination of $100,000 or more;

(vi) all Additional Notes shall constitute Senior Funded Debt of the Company and shall rank pari passu with all other outstanding Notes; and

(vii) no Additional Notes shall be issued hereunder if at the time of issuance thereof and after giving effect to the application of the proceeds thereof, any Default or Event of Default shall have occurred and be continuing.

Section 1.5. Initial Subsidiary Note Guaranty. The payment by the Company of all amounts due in respect of the Notes and the performance by the Company of its obligations under this Agreement will be absolutely and unconditionally guaranteed by Universal Forest Products Properties Company, Inc., Universal Forest Products Southern Company, Inc., Universal Forest Products Eastern Company, Inc., Universal Forest Products Midwest Company, Inc., Universal Forest Products Southwest Company, Inc., Universal Forest Products Far West Company, Inc., Shoffner Industries, Inc., Universal Forest Products Georgia Limited Partnership, Universal Forest Products Indiana Limited Partnership, Universal Forest Products Texas Limited Partnership, Universal Forest Products Tennessee Limited Partnership, Universal Forest Products Holding Company, Inc. and Universal Forest Products Reclamation Center, Inc. (individually, an

"Initial Subsidiary Guarantor"; and, collectively, the "Initial Subsidiary Guarantors") pursuant to a guaranty agreement (the "Initial Subsidiary Note Guaranty") substantially in the form attached hereto as Exhibit B-1. Without limiting the foregoing, enforcement of the rights and benefits in respect of the Initial Subsidiary Note Guaranty will be subject to an Intercreditor Agreement dated as of November 13, 1998 (the "Intercreditor Agreement") among the Creditors (as defined therein) and NBD Bank, as Collateral Agent, and to be joined by the Purchasers and any Additional Purchasers.

SECTION 2. PREPAYMENT OF NOTES.

Section 2.1. Required Prepayments. There shall be no required prepayment of any tranche of the Series 1998A Notes prior to the stated maturity thereof. Any Additional Notes shall be subject to required prepayment only as set forth in the applicable Supplement.

Section 2.2. Optional Prepayment with Premium. (a) Upon compliance with Section 2.4, the Company shall have the privilege, at any time and from time to time, of prepaying any tranche of the Notes (subject to clause (b) of this Section 2.2), either in whole or in part (but if in part then in a minimum principal amount of $1,000,000), by payment of the principal amount of such tranche, or portion thereof to be prepaid, and accrued interest thereon to the date of such prepayment, together with a premium equal to the Make-Whole Amount, determined as of two Business Days prior to the date of such prepayment pursuant to this Section 2.2.

(b) The Tranche B Notes and the Tranche C Notes shall be considered one tranche for the purpose of prepayments made pursuant to this Section 2.2.

Section 2.3. Prepayment of Notes upon Change of Control. (a)(1) In the event that any Change of Control shall occur, the Company will give written notice (the "Company Notice") of such fact in the manner provided in Section 9.6 to the holders of the Notes. The Company Notice shall be delivered promptly upon receipt of such knowledge by the Company and in any event no later than three Business Days following the occurrence of any Change of Control. The Company Notice shall (1) describe the facts and circumstances of such Change of Control in reasonable detail, (2) make reference to this Section 2.3 and the right of the holders of the Notes to require prepayment of the Notes on the terms and conditions provided for in this Section 2.3, (3) offer in writing to prepay the outstanding Notes, together with accrued interest to the date of prepayment, and a premium equal to the then applicable Make-Whole Amount, and (4) specify a date for such prepayment (the "Change of Control Prepayment Date"), which Change of Control Prepayment Date shall be not more than 90 days nor less than 30 days following the date of such Company Notice. Each holder of the then outstanding Notes shall have the right to accept such offer and require prepayment of the Notes held by such holder in full by written notice to the Company (a "Noteholder Notice") given not later than 20 days after receipt of the Company Notice. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 2.3(a) within such 20 day period shall be deemed to constitute an acceptance of such offer by such holder. The Company shall on the Change of Control Prepayment Date prepay in full all of the Notes held by holders which have so accepted such offer of prepayment or which have failed in writing to accept or reject such offer within such 20 day period. The prepayment price of the Notes payable upon the occurrence of any Change of Control shall be an amount equal to 100% of the outstanding principal amount of the Notes so to be prepaid and accrued interest thereon to the date of such prepayment, together with a premium equal to the then applicable Make-Whole Amount, determined as of two Business Days prior to the date of such prepayment pursuant to this Section 2.3(a).

(2) Without limiting clause (1) of this Section 2.3(a), the Company shall immediately after any

Responsible Officer has knowledge of an event which in the judgment of such Responsible Officer or the Board of Directors of the Company is reasonably likely to occur which would constitute a Change of Control and in any event no later than three Business Days thereafter, give written notice of such fact in the manner provided in Section 9.6 to the holders of the Notes.

(b) Without limiting the foregoing, notwithstanding any failure on the part of the Company to give the Company Notice required by Section 2.3(a), each holder of the Notes shall have the right, by delivery of written notice to the Company, to require the Company upon the occurrence of a Change of Control to prepay, and the Company will prepay, such holder's Notes in full, together with accrued interest thereon to the date of prepayment, and a premium equal to the then applicable Make-Whole Amount. Notice of any required prepayment pursuant to this Section 2.3(B) shall be delivered by any holder of the Notes which was entitled to, but did not receive, such Company Notice to the Company at any time after such holder has actual knowledge of such Change of Control. On the date (the "Change of Control Delayed Prepayment Date") designated in such holder's notice (which shall be not more than 90 days nor less than 30 days following the date of such holder's notice), the Company shall prepay in full all of the Notes held by such holder, together with accrued interest thereon to the date of prepayment, and a premium equal to the then applicable Make-Whole Amount. If the holder of any Note gives any notice pursuant to this Section 2.3(b), the Company shall give a Company Notice within three Business Days of receipt of such notice and identify the Change of Control Delayed Prepayment Date to all other holders of the Notes and each of such other holders shall then and thereupon have the right to accept the Company's offer to prepay the Notes held by such holder in full and require prepayment of such Notes by delivery of a Noteholder Notice within 20 days following receipt of such Company Notice; provided only that any date for prepayment of such holder's Notes shall be the Change of Control Delayed Prepayment Date. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 2.3(b) within such 20 day period shall be deemed to constitute an acceptance of such offer by such holder. On the Change of Control Delayed Prepayment Date, the Company shall prepay in full the Notes of each holder thereof which has accepted such offer of prepayment or which has failed to accept or reject such offer within such 20 day period, in any such case at a prepayment price equal to 100% of the outstanding principal amount of the Notes so to be prepaid and accrued interest thereon to the date of such prepayment, together with a premium equal to the then applicable Make-Whole Amount, determined as of two Business Days prior to the date of such prepayment pursuant to this Section 2.3(b).

Section 2.4. Notice of Optional Prepayments. The Company will give notice of any prepayment of any tranche of the Notes pursuant to Section 2.2 to each holder of such tranche of not less than 30 days nor more than 60 days before the date fixed for such optional prepayment specifying (a) such date, (b) the principal amount of the holder's Notes of such tranche to be prepaid on such date, (c) that the Make-Whole Amount may be payable, (d) the date when such Make-Whole Amount will be calculated, (e) the estimated Make-Whole Amount, and (f) the accrued interest applicable to the prepayment. Such notice of prepayment shall also certify all facts, if any, which are conditions precedent to any such prepayment. Notice of prepayment having been so given, the aggregate principal amount of the Notes specified in such notice, together with accrued interest thereon and the Make-Whole Amount, if any, payable with respect to such tranche shall become

due and payable on the prepayment date specified in said notice. Two Business Days prior to the prepayment date specified in such notice, the Company shall provide each holder of a Note of the tranche to be prepaid written notice of the Make-Whole Amount, if any, payable in connection with such prepayment and, whether or not any Make-Whole Amount is payable, a reasonably detailed computation thereof.

Section 2.5. Application of Prepayments. All partial prepayments made pursuant to Section 2.2 shall be applied on all outstanding Notes of the same tranche ratably in accordance with the unpaid principal amounts thereof. All partial prepayments made pursuant to Section 2.3 shall be applied only to the Notes of the holders who have elected to participate in such prepayment.

Section 2.6. Direct Payment. Notwithstanding anything to the contrary contained in this Agreement or the Notes, in the case of any Note owned by you or your nominee or owned by any subsequent Institutional Holder which has given written notice to the Company requesting that the provisions of this Section 2.6 shall apply, the Company will punctually pay when due the principal thereof, interest thereon and Make-Whole Amount, if any, due with respect to said principal, without any presentment thereof, directly to you, to your nominee or to such subsequent Institutional Holder at your address or your nominee's address set forth in Schedule I hereto (or Schedule I to any Supplement) or such other address as you, your nominee or such subsequent Institutional Holder may from time to time designate in writing to the Company or, if a bank account with a United States bank is designated for you or your nominee on Schedule I hereto (or Schedule I to any Supplement) or in any written notice to the Company from you, from your nominee or from any such subsequent Institutional Holder, the Company will make such payments in immediately available funds to such bank account, no later than 11:00 a.m. Eastern Standard Time on the date due, marked for attention as indicated, or in such other manner or to such other account in any United States bank as you, your nominee or any such subsequent Institutional Holder may from time to time direct in writing. If for any reason whatsoever the Company does not make any such payment by such 11:00 a.m. transmittal time, such payment shall be deemed to have been made on the next following Business Day and such payment shall bear interest at the Overdue Rate.

SECTION 3. REPRESENTATIONS.

Section 3.1. Representations of the Company. The Company represents and warrants that all representations and warranties set forth in Exhibit C are true and correct as of the date hereof and are incorporated herein by reference with the same force and effect as though herein set forth in full.

Section 3.2. Representations of the Purchaser. (a) You represent, and in entering into this Agreement the Company understands, that you are acquiring the Notes for the purpose of investment and not with a view to the distribution thereof, and that you have no present intention of selling, negotiating or otherwise disposing of the Notes, it being understood, however, that the disposition of your property shall at all times be and remain within your control.

(b) You further represent that either: (1) you are acquiring the Notes with your "insurance company general account" within the meaning of Department of Labor Prohibited Transaction Exemption ("PTE") 95-60 (issued July 12, 1995) and there is no employee benefit plan, treating as a single plan, all plans maintained by the same employer or employee organization, with respect to which the amount of the general account reserves and liabilities for all contracts held by or on behalf of such plan, exceeds ten percent (10%) of the total reserves and liabilities of such general account (exclusive of separate account liabilities) plus surplus, as set

forth in the NAIC Annual Statement filed with your state of domicile; (2) no part of such funds constitutes assets of an "employee benefit plan" within the meaning of Section 3(3) of ERISA or a "plan" within the meaning of section 4975(e)(1) of the Code; or (3) all or a part of such funds constitute assets of one or more separate accounts, trusts or a commingled pension trust maintained by you, and you have disclosed to the Company the names of such employee benefit plans whose assets in such separate account or accounts or pension trusts exceed 10% of the total assets or are expected to exceed 10% of the total assets of such account or accounts or trusts as of the date of such purchase and the Company has advised you in writing (and in making the representations set forth in this clause (3) you are relying on such advice) that the Company is not a party-in-interest nor are the Notes employer securities with respect to the particular employee benefit plan disclosed to the Company by you as aforesaid (for the purpose of this clause (3), all employee benefit plans maintained by the same employer or employee organization are deemed to be a single plan). As used in this Section 3.2(b), the terms "separate account", "party-in-interest", "employer securities" and "employee benefit plan" shall have the respective meanings assigned to them in ERISA.

SECTION 4. CLOSING CONDITIONS.

Section 4.1. Conditions. Your obligation to purchase the Notes on each Closing Date shall be subject to the performance by the Company of its agreements hereunder which by the terms hereof are to be performed at or prior to the time of delivery of the Notes and to the following further conditions precedent:

(a) Closing Certificates. (1) Concurrently with the delivery of the Notes on each Closing Date, you shall have received a certificate dated such Closing Date, signed by a Responsible Officer of the Company, the truth and accuracy of which shall be a condition to your obligation to purchase the Notes proposed to be sold to you and to the effect that (i) the representations and warranties of the Company set forth in Exhibit C hereto are true and correct on and with respect to such Closing Date, (ii) the Company has performed all of its obligations hereunder which are to be performed on or prior to such Closing Date, and (iii) no Default or Event of Default has occurred and is continuing; and

(2) You shall have received a certificate dated such Closing Date, signed by an authorized officer of each of the Initial Subsidiary Guarantors, the truth and accuracy of which shall be a condition to your obligation to purchase the Notes proposed to be sold to you and to the effect that (i) the representations and warranties of the Initial Subsidiary Guarantors set forth in the Initial Subsidiary Note Guaranty are true and correct on and with respect to such Closing Date, (ii) each Initial Subsidiary Guarantor has performed all of its obligations under the Initial Subsidiary Note Guaranty which are to be performed on or prior to such Closing Date, and (iii) no Default or Event of Default has occurred and is continuing.

(b) Initial Subsidiary Note Guaranty and Intercreditor Agreement. (1) The Initial Subsidiary Note Guaranty shall have been duly executed and delivered by the parties thereto to you and shall be in full force and effect and you shall have received true, correct and complete copies thereof; and

(2) You shall have joined the Intercreditor Agreement.

(c) Legal Opinions. You shall have received from Chapman and Cutler, who

are acting as your special counsel in this transaction, and from Varnum, Riddering, Schmidt & Howlett, counsel for the Company and the Initial Subsidiary Guarantors, their respective opinions dated such Closing Date, in form and substance satisfactory to you, and covering the matters set forth in Exhibits D and E, respectively, hereto.

(d) Existence and Authority. On or prior to such Closing Date, you shall have received, in form and substance reasonably satisfactory to you and your special counsel, such documents and evidence with respect to the Company and each of the Initial Subsidiary Guarantors as you may reasonably request in order to establish the existence and good standing of the Company and each of the Initial Subsidiary Guarantors and the authorization of the transactions contemplated by this Agreement and the Initial Subsidiary Note Guaranty.

(e) Related Transactions. The Company shall have consummated the sale of the entire principal amount of the Notes scheduled to be sold on such Closing Date pursuant to this Agreement and the other agreements referred to in Section 1.3.

(f) Private Placement Numbers. On or prior to such Closing Date, special counsel to the Purchasers shall have duly made the appropriate filings with Standard & Poor's CUSIP Service Bureau, as agent for the National Association of Insurance Commissioners, in order to obtain a private placement number for each tranche of the series of Notes being sold on such Closing Date.

(g) Funding Instructions. At least three Business Days prior to such Closing Date, you shall have received written instructions executed by a Responsible Officer of the Company directing the manner of the payment of funds on such Closing Date and setting forth (1) the name of the transferee bank, (2) such transferee bank's ABA number, (3) the account name and number into which the purchase price for the Notes is to be deposited, (4) the purchase price of the Notes to be purchased by you, and (5) the name and telephone number of the account representative responsible for verifying receipt of such funds.

(h) Special Counsel Fees. Concurrently with the delivery of the Notes to you on such Closing Date, the reasonable charges and disbursements of Chapman and Cutler, your special counsel, shall have been paid by the Company to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to such Closing Date.

(i) Legality of Investment. The Notes to be purchased by you shall be a legal investment for you under the laws of each jurisdiction to which you may be subject (without resort to any so-called "basket provisions" to such laws).

(j) Satisfactory Proceedings. All proceedings taken in connection with the transactions contemplated by this Agreement and the Initial Subsidiary Note Guaranty, and all documents necessary to the consummation thereof, shall be satisfactory in form and substance to you and your special counsel, and you shall have received a copy (executed or certified as may be appropriate) of all legal documents or proceedings taken in connection with the consummation of said transactions.

Section 4.2. Waiver of Conditions. If on the Closing Date the Company fails to tender to you the Notes to be issued to you on such date or if the conditions specified in Section 4.1 have not been fulfilled, you may thereupon elect to be relieved of all further obligations under this Agreement. Without limiting the foregoing, if the conditions specified in Section 4.1 have not been fulfilled, you may waive compliance by the Company with any such condition to such extent as you may in your sole

discretion determine. Nothing in this Section 4.2 shall operate to relieve the Company of any of its obligations hereunder or to waive any of your rights against the Company.

Section 4.3. Conditions to Issuance of Additional Notes. The obligations of the Additional Purchasers to purchase Additional Notes shall be subject to the following conditions precedent, in addition to the conditions specified in the Supplement pursuant to which such Additional Notes may be issued:

(a) Compliance Certificate. A duly authorized Responsible Officer shall execute and deliver to each Additional Purchaser an Officer's Certificate dated the date of issue of such Additional Notes stating that such officer has reviewed the provisions of this Agreement (including any Supplements hereto) and setting forth the information and computations (in sufficient detail) required in order to establish whether the Company is in compliance with the requirements of Sections 5.6, 5.7, 5.8, 5.9 and 5.10 on such date.

(b) Execution and Delivery of Supplement. The Company and each such Additional Purchaser shall execute and deliver a Supplement substantially in the form of Exhibit F hereto.

(c) Representations of Additional Purchasers. Each Additional Purchaser shall have confirmed in the Supplement that the representations set forth in Section 3 are true with respect to such Additional Purchaser on and as of the date of issue of the Additional Notes.

SECTION 5. COMPANY COVENANTS.

From and after the first Closing Date and continuing so long as any amount remains unpaid on any Note:

Section 5.1. Corporate Existence, Etc. The Company will preserve and keep in full force and effect, and will cause each Restricted Subsidiary to preserve and keep in full force and effect, its corporate existence and all licenses and permits necessary to the proper conduct of its business, if in the case of any such license or permit, the failure to preserve and keep the same could reasonably be expected to have a Material Adverse Effect, provided that the foregoing shall not prevent any transaction permitted by Section 5.10.

Section 5.2. Insurance. The Company will maintain, and will cause each Restricted Subsidiary to maintain, insurance coverage by financially sound and reputable insurers and in such forms and amounts and against such risks as are customary for corporations of established reputation engaged in the same or a similar business and owning and operating similar properties; provided that nothing contained in this Section 5.2 shall be deemed or construed to prohibit the Company or any Restricted Subsidiary from self-insuring such risks as are customary for corporations having a net worth (determined in accordance with GAAP) comparable to the net worth of the Company or such Restricted Subsidiary, as the case may be, and engaged in the same or a similar business and owning and operating similar properties.

Section 5.3. Taxes, Claims for Labor and Materials; Compliance with Laws. (a) The Company will promptly pay and discharge, and will cause each Restricted Subsidiary promptly to pay and discharge, all lawful taxes, assessments and governmental charges or levies imposed upon the Company or such Restricted Subsidiary, respectively, or upon or in respect of all or any part of the property or business of the Company or such Restricted Subsidiary, all trade accounts payable in accordance with usual and customary business terms, and all claims for work, labor or

materials, which if unpaid might become a Lien upon any property of the Company or such Restricted Subsidiary; provided that the Company or such Restricted Subsidiary shall not be required to pay or make a filing with regard to any such tax, assessment, charge, levy, account payable or claim if (1)(i) the validity, applicability or amount thereof is being contested in good faith by appropriate actions or proceedings which will prevent the forfeiture or sale of any property of the Company or such Restricted Subsidiary or any material interference with the use thereof by the Company or such Restricted Subsidiary and (ii) the Company or such Restricted Subsidiary shall set aside on its books, reserves deemed by it to be adequate with respect thereto, or (2) the non-payment of any such tax, assessment, charge, levy, account payable or claim could not reasonably be expected to have a Material Adverse Effect, or (3) to the extent that failure to pay any of the foregoing or comply with any of the foregoing relates solely to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Guarantors and if all such non Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary (but the Company shall provide notice to the holders of the Notes of the occurrence of any such failure to comply or failure to pay described in this proviso).

(b) The Company will promptly comply and will cause each Restricted Subsidiary to promptly comply with all laws, ordinances or governmental rules and regulations to which it is subject, including, without limitation, the Occupational Safety and Health Act of 1970, as amended, ERISA and all Environmental Laws, the violation of which could reasonably be expected to have a Material Adverse Effect or would result in any Lien not permitted under Section 5.9, provided that the foregoing does not apply to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Guarantors if all such non Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary.

Section 5.4. Maintenance, Etc. The Company will maintain, preserve and keep, and will cause each Restricted Subsidiary to maintain, preserve and keep, its properties which are used or useful in the conduct of its business (whether owned in fee or a leasehold interest) in good repair and working order and from time to time will make all necessary repairs, replacements, renewals and additions so that at all times the efficiency and marketability thereof shall not be materially impaired or materially degraded, if the failure to complete any such repair, replacement, renewal or addition could reasonably be expected to have a Material Adverse Effect.

Section 5.5. Nature of Business. Neither the Company nor any Restricted Subsidiary will engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged in by the Company and its Restricted Subsidiaries would be substantially changed from the general nature of the business engaged in by the Company and its Restricted Subsidiaries on the date of this Agreement and described in the Offering Materials.

Section 5.6. Consolidated Net Worth. The Company will at all times keep and maintain Consolidated Net Worth at an amount not less than the sum of (a) $155,000,000 plus (b) 50% of Consolidated Net Earnings for the fiscal quarter of the Company ending in December, 1998 and each fiscal year of the Company ending thereafter, provided that if such Consolidated Net Earnings of the Company is negative for the fiscal quarter ending in December, 1998 or any fiscal year thereafter, as the case may be, the amount added for such fiscal quarter or year shall be zero and it shall not reduce the amount added for any other fiscal year, and plus 100% of the net proceeds from the sale or other transfer of any capital stock of the Company.

Section 5.7. Fixed Charges Coverage Ratio. The Company will at all times keep and maintain the ratio of Consolidated Net Earnings Available for Fixed Charges for any four of the immediately preceding five fiscal quarters (taken as a single accounting period) to Consolidated Fixed Charges for such period at not less than 1.75 to 1.00.

For purposes of calculations under this Section 5.7, Consolidated Net Earnings Available for Fixed Charges and Consolidated Fixed Charges shall be adjusted for the period in respect of which any such calculation is being made to give effect to (i) the audited "net earnings" (determined in a manner consistent with the definition of "Consolidated Net Earnings" contained in this Agreement) of any business entity acquired by the Company or any Restricted Subsidiary (the "Acquired Business") and (ii) all Indebtedness incurred by the Company or any Restricted Subsidiary in connection with such acquisition, and shall be computed as if the Acquired Business had been a Restricted Subsidiary throughout the period and all Indebtedness incurred in connection with such acquisition had been incurred at the beginning of such period in respect of which such calculation is being made. In the case of any business entity acquired during the twelve calendar month period immediately preceding the date of any determination hereunder whose financial records are not, and are not required to be in accordance with applicable laws, rules and regulations, audited by the Company's independent public accountants at the time of the acquisition thereof, the Company shall base such determination upon the Company's internally audited net earnings of such business entity for the immediately preceding fiscal year or the net earnings of such business entity as audited by such business entity's independent auditors for the immediately preceding fiscal year.

Section 5.8. Limitations on Current Debt and Funded Debt. (a) The Company will not permit or suffer the Adjusted Leveraged Ratio to be greater than 0.60 to 1.0 at any time.

(b) The Company will not, and will not permit any Restricted Subsidiary to, create, assume, guarantee or otherwise incur or any in manner be or become liable in respect of (1) any Current Debt or Funded Debt of the Company or any Restricted Subsidiary secured by Liens permitted by Section 5.9(A)(8), or (2) any other Current Debt or Funded Debt of a Restricted Subsidiary (other than Qualified Current Debt and Qualified Funded Debt of a Restricted Subsidiary Guarantor), or (3) any Attributable Indebtedness of Sale and Leaseback Transactions of the Company or any Restricted Subsidiary, unless at the time of creation, issuance, assumption, guarantee or incurrence thereof and after giving effect thereto and to the application of the proceeds thereof, the sum of (A) Current Debt and Funded Debt of the Company and its Restricted Subsidiaries secured by Liens permitted by Section 5.9(A)(8), plus (without duplication) (B) Current Debt and Funded Debt of Restricted Subsidiaries (other than Qualified Current Debt and Qualified Funded Debt of Restricted Subsidiary Guarantors) and (C) Attributable Indebtedness of Sale and Leaseback Transactions of the Company and its Restricted Subsidiaries would not exceed 15% of Consolidated Net Worth.

(c) Any Person which becomes a Restricted Subsidiary after the date hereof shall for all purposes of this Section 5.8 be deemed to have created, assumed or incurred at the time it becomes a Restricted Subsidiary all Current Debt and Funded Debt of such Person existing immediately after it becomes a Restricted Subsidiary.

Section 5.9. Limitation on Liens. (a) The Company will not, and will not permit any

Restricted Subsidiary to, create or incur, or suffer to be incurred or to exist, any Lien on its or their property or assets, whether now owned or hereafter acquired, or upon any income or profits therefrom, or transfer any property for the purpose of subjecting the same to the payment of obligations in priority to the payment of its or their general creditors, or acquire or agree to acquire, or permit any Restricted Subsidiary to acquire, any property or assets upon conditional sales agreements or other title retention devices, except:

(1) Liens for property taxes and assessments or governmental charges or levies and Liens securing claims or demands of mechanics and materialmen, provided that payment thereof is not at the time required by Section 5.3 and the existence of such Lien would not materially and adversely affect the properties, business, profits, prospects or condition (financial or otherwise) of the Company or of the Company and its Restricted Subsidiaries, taken as a whole;

(2) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which the Company or a Restricted Subsidiary shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall have been secured; provided that the existence of such Lien would not materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of the Company or of the Company and its Restricted Subsidiaries, taken as a whole;

(3) Liens incidental to the conduct of business or the ownership of properties and assets (including Liens in connection with worker's compensation, unemployment insurance and other like laws, warehousemen's and attorneys' liens and statutory landlords' liens) and Liens to secure the performance of bids, tenders or trade contracts, or to secure statutory obligations, surety or appeal bonds or other Liens of like general nature, in any such case incurred in the ordinary course of business and not in connection with the borrowing of money, which in any such case would not materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of the Company or of the Company and its Restricted Subsidiaries taken as a whole, provided that any obligation so secured is not overdue or, if overdue, is being contested in good faith by appropriate actions or proceedings;

(4) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, which are necessary for the conduct of the activities of the Company and its Restricted Subsidiaries or which customarily exist on properties of corporations engaged in similar activities and similarly situated and which do not in any event materially impair their use in the operation of the business of the Company or of the Company and its Restricted Subsidiaries taken as a whole;

(5) Liens securing Indebtedness of a Restricted Subsidiary to the Company or to a Wholly-owned Restricted Subsidiary;

(6) Liens existing as of the first Closing Date and described on Schedule II hereto;

(7) Liens created or incurred after the first Closing Date given to secure the payment of the purchase price, cost of improvement or cost of construction of property or assets useful and intended to be used in carrying on the business of the Company or a Restricted Subsidiary, including Liens existing on such property or assets at the time of acquisition thereof or at the time of acquisition or purchase by the Company or a

Restricted Subsidiary of any business entity then owning such property or assets, whether or not such existing Liens were given to secure the payment of the purchase price of the property or assets to which they attach, provided that (1) the Lien shall attach solely to the property or assets acquired, purchased, improved or constructed, (2) such Lien shall have been created or incurred within 120 days of the date of acquisition or purchase or of completion of such improvement or construction, as the case may be, (3) at the time of acquisition or purchase or the date of completion of such improvement or construction, as the case may be, the aggregate amount remaining unpaid on all Indebtedness secured by Liens on such property or assets, whether or not assumed by the Company or a Restricted Subsidiary, shall not exceed the lesser of (i) the total purchase price, cost of improvement or cost of construction, as the case may be, or (ii) the fair market value at the time of acquisition or purchase or the date of completion of the improvement or construction of such property or assets (as determined in good faith by the Board of Directors of the Company) and (4) all such Funded Debt shall have been incurred within the limitations provided in Section 5.8(b);

(8) Liens created or incurred after the first Closing Date given to secure Current Debt or Funded Debt of the Company and its Restricted Subsidiaries, in addition to the Liens permitted by the preceding clauses (1) through (7) of this Section 5.9(a), provided that all Current Debt and Funded Debt secured by Liens created or incurred pursuant to this clause (8) shall have been incurred within the limitations provided in Section 5.8(A) and (b);

(9) any extension, renewal or refunding of any Lien permitted by the preceding clause (6) of this Section 5.9(a) in respect of the same property theretofore subject to such Lien in connection with the extension, renewal or refunding of the Indebtedness secured thereby; provided that (i) such extension, renewal or refunding of Indebtedness shall be without increase in the principal amount remaining unpaid as of the date of such extension, renewal or refunding, (ii) such Lien shall attach solely to the same such property, and (iii) at the time of such extension, renewal or refunding and after giving effect thereto, no Default or Event of Default would exist; and

(10) Liens created by any Stock Pledge Agreements.

(b) In case any property, asset or income or profits therefrom is subjected to a Lien in violation of this Section 5.9, the Company will make or cause to be made provisions whereby the Notes will be secured equally and ratably with all other obligations secured thereby, and in any case the Notes shall have the benefit, to the full extent that, and with such priority as, the holders may be entitled thereto under applicable law, of an equitable and ratable Lien on such property, asset, income or profits securing the Notes. Such violation of Section 5.9 shall constitute an Event of Default hereunder, whether or not any such provision is made pursuant to this Section 5.9(b), unless such Event of Default is waived by the Requisite Holders.

Section 5.10. Mergers, Consolidations and Sales of Assets. (a) The Company will not, and will not permit any Restricted Subsidiary to, consolidate with or be a party to a merger with any other corporation, or sell, lease or otherwise dispose of all or substantially all of its assets;

provided that:

(1) any Restricted Subsidiary may merge or consolidate with or into the Company or any Wholly-owned Restricted Subsidiary which is a Domestic Restricted Subsidiary so long as in any merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation;

(2) the Company may consolidate or merge with any other corporation if (i) the corporation which results from such merger or consolidation (the "surviving corporation") is organized under the laws of any state of the United States or the District of Columbia, (ii) the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observation of all of the covenants in the Notes and this Agreement to be performed or observed by the Company are expressly assumed in writing by the surviving corporation and the surviving corporation shall furnish the holders of the Notes an opinion of counsel satisfactory to such holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the surviving corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, and (iii) at the time of such consolidation or merger and immediately after giving effect thereto, (A) no Default or Event of Default would exist and (B) the surviving corporation would be permitted by the provisions of Section 5.8(A) and (b) to incur at least $1.00 of additional Funded Debt;

(3) the Company may sell or otherwise dispose of all or substantially all of its assets (other than stock and Indebtedness of a Restricted Subsidiary, which may only be sold or otherwise disposed of pursuant to Section 5.10(c)) to any Person for consideration which represents the fair market value (as determined in good faith by the Board of Directors of the Company, a copy of which determination certified by the Secretary or an Assistant Secretary of the Company shall have been furnished to the holders of the Notes) at the time of such sale or other disposition if (i) the acquiring Person is a corporation organized under the laws of any state of the United States or the District of Columbia, (ii) the due and punctual payment of the principal of and premium, if any, and interest on all the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants in the Notes and in this Agreement to be performed or observed by the Company are expressly assumed in writing by the acquiring corporation and the acquiring corporation shall furnish the holders of the Notes an opinion of counsel satisfactory to such holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such acquiring corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, and (iii) at the time of such sale or disposition and immediately after giving effect thereto, (A) no Default or Event of Default would exist and (B) the acquiring corporation would be permitted by the provisions of Section 5.8(b) to incur at least $1.00 of additional Funded Debt.

(b) Notwithstanding any of the provisions of Section 5.10(A)(3), the Company will not, and will

not permit any Restricted Subsidiary to, sell, lease, transfer, abandon or otherwise dispose of assets (except assets sold in the ordinary course of business for fair market value); provided that the foregoing restrictions do not apply to:

(1) the sale, lease, transfer or other disposition of assets of a Restricted Subsidiary to the Company or a Wholly-owned Restricted Subsidiary or of the Company to a Wholly-Owned Restricted Subsidiary; or

(2) the sale of such assets for cash or other property to a Person or Persons other than an Affiliate if all of the following conditions are met:

(i) such assets (valued at net book value) do not, together with all other assets of the Company and its Subsidiaries previously disposed of during the same fiscal year (other than in the ordinary course of business), exceed 10% of Consolidated Total Assets, and such assets (valued at net book value) do not, together with all other assets of the Company and its Restricted Subsidiaries previously disposed of during the period from the date of this Agreement to and including the date of the sale of such assets (other than in the ordinary course of business), exceed 25% of Consolidated Total Assets, in each such case determined as of the end of the immediately preceding fiscal quarter;

(ii) in the opinion of the Board of Directors of the Company if the aggregate sale price of such assets is $1,000,000 or more and in the opinion of a Responsible Officer of the Company if the aggregate sale price of such assets is less than $1,000,000, the sale is for fair value and is in the best interests of the Company; and

(iii) immediately prior to and immediately after the consummation of the transaction and after giving effect thereto, (A) no Default or Event of Default would exist, and (B) the Company would be permitted by the provisions of Section 5.8(b) to incur at least $1.00 of additional Funded Debt;

provided, however, that for purposes of the foregoing calculation, there shall not be included any assets the proceeds of which were or are applied within twelve months of the date of sale of such assets to either (A) the acquisition of property or assets useful and intended to be used in the operation of the Company and its Restricted Subsidiaries as described in Section 5.5 and similar in nature to the assets so sold and the purchase price of which is at least equal to that of the property or assets so disposed of or (B) the prepayment at any applicable prepayment premium, on a pro rata basis, of Senior Indebtedness (including, without limitation, the Notes) of the Company ranking pari passu with the Notes. It is understood and agreed by the Company that any such proceeds paid and applied to the prepayment of the Notes as hereinabove provided shall be prepaid as and to the extent provided in Section 2.2.

Computations pursuant to this Section 5.10(b) shall include dispositions made pursuant to Section 5.10(c) and computations pursuant to Section 5.10(c) shall include dispositions made pursuant to this Section 5.10(b).

(c) The Company will not, and will not permit any Restricted Subsidiary to, sell, pledge or otherwise dispose of any shares of the stock (including as "stock" for the purposes of this Section any options or warrants to purchase stock or other Securities exchangeable for or

convertible into stock) of a Restricted Subsidiary (said stock, options, warrants and other Securities herein called "Restricted Subsidiary Stock") or any Indebtedness of any Restricted Subsidiary, nor will any Restricted Subsidiary issue, sell, pledge or otherwise dispose of any shares of its own Restricted Subsidiary Stock, provided that the foregoing restrictions do not apply to:

(1) the issue of directors qualifying shares; or
(2) the issue of Restricted Subsidiary Stock to the Company; or
(3) the sale or other disposition at one time to a Person (other than directly or indirectly to an Affiliate) of the entire Investment of the Company and its Restricted Subsidiaries in any Restricted Subsidiary, provided that any sale or other disposition pursuant to this clause (3) of Section 5.10(c) must satisfy all of the following conditions:

(i) the assets (valued at the higher of net book value or fair market value) of such Restricted Subsidiary do not, together with all other assets of the Company and its Restricted Subsidiaries previously disposed of during the same fiscal year (other than in the ordinary course of business), exceed 10% of Consolidated Total Assets, and the assets (valued at the higher of net book value or fair market value) of such Restricted Subsidiary do not, together with all other assets of the Company and its Restricted Subsidiaries previously disposed of during the period from the date of this Agreement to and including the date of the sale of such assets (other than in the ordinary course of business), exceed 25% of Consolidated Total Assets, in each such case determined as of the end of the immediately preceding fiscal quarter;

(ii) in the opinion of the Company's Board of Directors, the sale is for fair value and is in the best interests of the Company;

(iii) immediately after the consummation of the transaction and after giving effect thereto, such Restricted Subsidiary shall have no Indebtedness of or continuing Investment in the capital stock of the Company or of any Restricted Subsidiary and any such Indebtedness or Investment shall have been discharged or acquired, as the case may be, by the Company or a Restricted Subsidiary; and

(iv) immediately prior to and immediately after the consummation of the transaction and after giving effect thereto, (A) no Default or Event of Default would exist, and (B) the Company would be permitted by the provisions of Section 5.8(b) to incur at least $1.00 of additional Funded Debt;

provided, however, that for purposes of the foregoing calculation, there shall not be included any assets the proceeds of which were or are applied within twelve months of the date of sale of such assets to either (A) the acquisition of property or assets useful and intended to be used in the operation of the Company and its Restricted Subsidiaries as described in Section 5.5 and similar in nature to the assets so sold and the purchase price of which is at least equal to that of the property or assets so disposed of or (B) the prepayment at any applicable prepayment premium, on a pro rata basis, of Senior Indebtedness (including, without limitation, the Notes) of the Company ranking pari passu with the Notes. It is understood and agreed by the Company that any such proceeds paid and applied to the prepayment of the Notes as hereinabove provided shall be prepaid as and to the extent provided Section 2.2.

Computations pursuant to this Section 5.10(c) shall include dispositions made pursuant to Section 5.10(b)

and computations pursuant to Section 5.10(b) shall include dispositions made pursuant to thiS Section 5.10(c).

Section 5.11. Guaranties. The Company will not, and will not permit any Restricted Subsidiary to, become or be liable in respect of any Guaranty except Guaranties by the Company which are limited in amount to a stated maximum dollar exposure or which constitute Guaranties of obligations incurred by any Restricted Subsidiary in compliance with the provisions of this Agreement; provided that nothing contained in this Section 5.11 shall be deemed or construed to prohibit any Restricted Subsidiary from executing and delivering any Subsidiary Note Guaranty or joining the Initial Subsidiary Note Guaranty, as the case may be, as contemplated by Sections Section 1.5 and Section 5.17, respectively, or from executing and delivering any Subsidiary Bank Guaranty; provided that in each such case each beneficiary of any such Guaranty shall have entered into and become a party to the Intercreditor Agreement.

Section 5.12. Notes to Rank Pari Passu. The Company will keep and maintain the Notes and all other obligations outstanding at any time under this Agreement as direct obligations of the Company ranking pari passu as against the assets of the Company with all other present and future unsecured Senior Indebtedness of the Company.

Section 5.13. Repurchase of Notes. Neither the Company nor any Restricted Subsidiary or Affiliate, directly or indirectly, may repurchase or make any offer to repurchase any Notes.

Section 5.14. Transactions with Affiliates. The Company will not, and will not permit any Restricted Subsidiary to, enter into or be a party to any transaction or arrangement with any Affiliate (including, without limitation, the purchase from, sale to or exchange of property with, or the rendering of any service by or for, any Affiliate), except in the ordinary course of and pursuant to the reasonable requirements of the Company's or such Restricted Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Restricted Subsidiary than would obtain in a comparable arm's-length transaction with a Person other than an Affiliate; provided that nothing contained in this Section 5.14 shall be deemed or construed to prohibit the Company from making Investments in Officer Notes; provided that the aggregate principal amount of all such Officer Notes at any one time outstanding shall not exceed $1,500,000 and the aggregate principal amount of all Officer Notes due and owing from any one officer of the Company at any one time outstanding shall not exceed $100,000.

Section 5.15. Termination of Pension Plans. The Company will not and will not permit any Restricted Subsidiary to withdraw from any Multiemployer Plan or permit any employee benefit plan maintained by it to be terminated if such withdrawal or termination could result in withdrawal liability (as described in Part 1 of Subtitle E of Title IV of ERISA) or the imposition of a Lien on any property of the Company or any Restricted Subsidiary pursuant to Section 4068 of ERISA.

Section 5.16. Reports; Rights of Inspection; Retention of Consultants. (a) Reports. The Company will keep, and will cause each Restricted Subsidiary to keep, proper books of record and account in which full and correct entries will be made of all dealings or transactions of, or in relation to, the business and affairs of the Company or such Restricted Subsidiary, in accordance with GAAP consistently applied (except for changes disclosed in the financial statements furnished to you pursuant to this Section 5.16(a) and concurred in by the independent public accountants referred to in Section 5.16(A)(2)), and will furnish to you so long as you are the holder of any Note and to each other Institutional Holder of the then outstanding Notes (in duplicate if so specified below or

otherwise requested):

(1) Quarterly Statements. As soon as available and in any event within 45 days after the end of each quarterly fiscal period (except the last) of each fiscal year, copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as of the close of such quarterly fiscal period, setting forth in comparative form the consolidated figures for the fiscal year then most recently ended,

(ii) a consolidated statement of earnings of the Company and its Subsidiaries for such quarterly fiscal period and for the portion of the fiscal year ending with such quarterly fiscal period, in each case setting forth in comparative form the consolidated figures for the corresponding periods of the preceding fiscal year, and

(iii) a consolidated statement of cash flows and shareholder's equity of the Company and its Subsidiaries for the portion of the fiscal year ending with such quarterly fiscal period, setting forth in comparative form the consolidated figures for the corresponding period of the preceding fiscal year,

all in reasonable detail and certified as complete and correct by an authorized financial officer of the Company, provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10 Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 5.16(A)(1);

(2) Annual Statements. As soon as available and in any event within 90 days after the close of each fiscal year of the Company, copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as of the close of such fiscal year, and

(ii) consolidated statements of earnings, shareholders' equity and cash flows of the Company and its Subsidiaries for such fiscal year,

in each case setting forth in comparative form the consolidated figures for the preceding fiscal year, all in reasonable detail and accompanied by a report thereon of a firm of independent public accountants of recognized national standing selected by the Company to the effect that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of the end of the fiscal year being reported on and the consolidated results of the operations and cash flows for said year in conformity with GAAP and that the examination of such accountants in connection with such financial statements has been conducted in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as said accountants deemed necessary in the circumstances, provided that the delivery within the time period specified above of the Company's Annual Report on Form 10K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission, together with the accountant's certificate described in paragraph (7) below, shall be deemed to satisfy the requirements of this Section 5.16(A)(2);

3) Audit Reports. Promptly upon receipt thereof, one copy of each interim or special audit made by independent accountants of the books of the Company or any Restricted Subsidiary and any management letter received from such accountants; provided

that nothing contained in this clause (3) shall be deemed or construed to require the Company or any Restricted Subsidiary to furnish to any holder of the Notes any interim or special audit made by any internal accountant employed by the Company or any Restricted Subsidiary;

(4) SEC and Other Reports. A copy of any SEC filing by the Company containing information of a financial nature and of any press release of the Company generally made available to stockholders of the Company concerning a Material development, in each case to be delivered promptly after becoming available;

(5) ERISA Reports. Promptly upon the occurrence thereof, written notice of (i) a Reportable Event with respect to any Plan; (ii) the institution of any steps by the Company, any ERISA Affiliate, the PBGC or any other Person to terminate any Plan; (iii) the institution of any steps by the Company or any ERISA Affiliate to withdraw from any Plan; (iv) a non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA in connection with any Plan; (v) any material increase in the contingent liability of the Company or any Restricted Subsidiary with respect to any post-retirement welfare liability; or (vi) the taking of any action by, or the threatening of the taking of any action by, the Internal Revenue Service, the Department of Labor or the PBGC with respect to any of the foregoing;

(6) Officer's Certificates. Within the periods provided in paragraphs (1) and (2) above, a certificate of a senior financial officer of the Company stating that such officer has reviewed the provisions of this Agreement and setting forth: (i) the information and computations (in sufficient detail) required in order to establish whether the Company was in compliance with the requirements of Section 5.6 through Section 5.10 at the end of the period covered by the financial statements then being furnished, including, without limitation, computations (in sufficient detail) required in order to establish whether the Company was in compliance with the provisions of Section 5.7 at the end of each calendar month during the fiscal quarter then ended, and (ii) whether there existed as of the date of such financial statements and whether, to the best of such officer's knowledge, there exists on the date of the certificate or existed at any time during the period covered by such financial statements any Default or Event of Default and, if any such condition or event exists on the date of the certificate, specifying the nature and period of existence thereof and the action the Company is taking and proposes to take with respect thereto;

(7) Accountants' Certificates. Within the period provided in paragraph (2) above, a certificate of the accountants who render an opinion with respect to such financial statements, stating that they have reviewed this Agreement and the officer's certificate delivered in accordance with paragraph (6) above for the quarterly fiscal period ending on the last day of the immediately preceding fiscal year, and stating further whether, in making their audit and reviewing such officer's certificate, such accountants have become aware of any Default or Event of Default under any of the terms or provisions of this Agreement insofar as any such terms or provisions pertain to or involve accounting matters or determinations, and if any such condition or event then exists, specifying the nature and period of existence thereof;

(8) Requested Information. With reasonable promptness, such other data and information as you or any such Institutional Holder may reasonably request;

(9) Unrestricted Subsidiaries. In the event that Unrestricted Subsidiaries account for more than 10% of the consolidated total assets of the Company and its Subsidiaries, or more than 10% of the consolidated revenue of the Company and its Subsidiaries, then each set of financial information delivered pursuant to paragraphs (1) and (2) of this Section 5.16(A) shall be accompanied by unaudited financial statements for all Unrestricted Subsidiaries of the Company taken as a group, together with consolidating statements reflecting eliminations or adjustments required to reconcile such group statements to the consolidated financial statements of the Company and its Subsidiaries; and

(10) Supplements. In the event that more than one series of Notes is issued under this Agreement, within 10 Business Days after the execution and delivery thereof, a copy of any Supplement.

(b) Rights of Inspection. Without limiting the foregoing, the Company will permit you, so long as you are the holder of any Note, and each Institutional Holder of the then outstanding Notes (or such Persons as either you or such Institutional Holder may designate), to visit and inspect, under the Company's guidance, any of the properties of the Company or any Restricted Subsidiary, to examine all of their books of account, records, reports and other papers, to make copies and extracts therefrom and to discuss their respective affairs, finances and accounts with their respective officers, employees, and independent public accountants (and by this provision the Company authorizes said accountants to discuss with you the finances and affairs of the Company and its Restricted Subsidiaries), all at such reasonable times and as often as may be reasonably requested. Any visitation shall be at the sole expense of you or such Institutional Holder, unless a Default or Event of Default shall have occurred and be continuing or the holder of any Note or of any other evidence of Indebtedness of the Company or any Restricted Subsidiary gives any written notice or takes any other action with respect to a claimed default, in which case, any such visitation or inspection shall be at the sole expense of the Company.

(c) Retention of Consultants. If a Default or an Event of Default has occurred and is continuing, the Requisite Holders may request that the Company, at the sole cost and expense of the Company, retain a business, financial, pension or environmental consultant to review and analyze the reports required to be made by the Company pursuant to this Section 5.16 or to inspect the books of account, records, reports and other papers and the properties, operations and administration of the Company or any Restricted Subsidiary, and to submit written reports of such review, analysis or inspection to the holders of the Notes, and the Company agrees within fifteen (15) Business Days of such request to appoint a consultant which in the reasonable judgment of a Responsible Officer of the Company is qualified to complete such review and analysis and which consultant shall be reasonably acceptable to the Requisite Holders. The Company agrees that the Requisite Holders may, at the sole cost and expense of the Company, retain at any time a business, financial, pension or environmental consultant to review and analyze the reports required to be made by the Company pursuant to this Section 5.16 or to inspect the books of account, records, reports and other papers and the properties, operations and administration of the Company and any Restricted Subsidiary and to submit written reports of such review, analysis or inspection to the holders of the Notes. The Company agrees to give prompt written notice of any such request by the Requisite Holders to each of the other holders of the Notes and to furnish a copy of each such

written report to each of the holders of the Notes.

Section 5.17. Guaranty by Subsidiaries. (a) Subject to clause (b) of this Section 5.17, the Company will cause each Subsidiary which delivers a Guaranty after the first Closing Date to concurrently enter into a Subsidiary Note Guaranty, and within three Business Days thereafter shall deliver to each of the holders of the Notes the following items:

(1) an executed counterpart of the Subsidiary Note Guaranty or a joinder agreement pursuant to which such Subsidiary becomes a party to the Subsidiary Note Guaranty;

(2) a certificate signed by an executive officer of such Subsidiary making representations and warranties to the effect of those contained in Sections 2, 10, 12 and 17 of Exhibit C to the Note Agreements, but with respect to such Subsidiary and the Subsidiary Note Guaranty;

(3) such documents and evidence with respect to such Subsidiary as the Requisite Holders may reasonably request in order to establish the existence and good standing of such Subsidiary and the authorization of the transactions contemplated by the Subsidiary Note Guaranty; and

(4) an opinion of counsel satisfactory to the Requisite Holders to the effect that the Subsidiary Note Guaranty or the joinder agreement pursuant to which such Subsidiary has become a party to the Initial Subsidiary Note Guaranty, as the case may be, has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such Subsidiary enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(b) Notwithstanding the requirements of clause (a) of this Section 5.17, the Company shall not be required to comply therewith if, but only if, the Company can create or incur the Indebtedness evidenced by any Guaranty entered into by a Subsidiary within the limitations of Section 5.8(a) AND (b).

(c) Nothing contained in this Section 5.17 shall be deemed or construed to otherwise permit a Subsidiary of the Company to create, assume, guaranty or otherwise incur or in any manner be or become liable in respect of any Current Debt or Funded Debt which is not otherwise within the limitations of Section 5.8 and the other applicable provisions of this Agreement.

Section 5.18. Stock Pledge Agreement. If the Company shall enter into a stock pledge agreement in form and substance satisfactory to the Requisite Holders (each, a "Stock Pledge Agreement") pursuant to which the Company shall grant to the Collateral Agent or any other Institutional Holder a pledge of and security interest in the capital stock of a Subsidiary, then and in such event, the Company shall concurrently with the execution and delivery of such Stock Pledge Agreement, deliver to each of the holders of the Notes the following items:

(a) an executed counterpart of such Stock Pledge Agreement;

(b) a certificate signed by an executive officer of the Company making

representations and warranties to the effect of those contained in Sections 2, 10, 12 and 17 of Exhibit C to the Note Agreements, but with respect to such Stock Pledge Agreement and to the effect that such Stock Pledge Agreement constitutes a first and prior perfected security interest in the capital stock which is the subject of such Stock Pledge Agreement free and clear of all Liens of creditors of the Company, other than the Lien of such Stock Pledge Agreement;

(c) such modifications, amendments or supplements to the Intercreditor Agreement as may be deemed necessary by the Requisite Holders to confirm that any proceeds realized from the enforcement by the Collateral Agent or such other Institutional Holder of its rights pursuant to such Stock Pledge Agreement as pledgee of such capital stock shall be applied in accordance with the terms and provisions of the Intercreditor Agreement; and

(d) an opinion of independent counsel to the Company satisfactory to the Requisite Holders to the effect that (1) such Stock Pledge Agreement has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the Company enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles and (2) such Stock Pledge Agreement creates a valid and perfected first and prior security interest in and pledge of the capital stock of the Subsidiary which is the subject of such Stock Pledge Agreement.

Section 5.19. Designation of Subsidiaries. The Company may designate or redesignate any Unrestricted Subsidiary as a Restricted Subsidiary and may designate or redesignate any Restricted Subsidiary as an Unrestricted Subsidiary; provided that:

(a) the Company shall have given not less than 10 days' prior written notice to the holders of the Notes that a senior financial officer has made such determination,

(b) at the time of such designation or redesignation and immediately after giving effect thereto: (i) no Default or Event of Default would exist and (ii) the Company would be permitted by the provisions of Section 5.8(b) to incur at least $1.00 of additional Indebtedness,

(c) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary and after giving effect thereto: (i) all outstanding Indebtedness of such Restricted Subsidiary so designated shall be permitted within the applicable limitations of Section 5.8 and (ii) all existing Liens of such Restricted Subsidiary so designated shall be permitted within the applicable limitations of Section 5.9, other than Section 5.9(6) (notwithstanding that any such Lien existed as of the first Closing Date), and

(d) the designation of a Subsidiary as "Restricted" or "Unrestricted" shall not be changed more than twice.

SECTION 6. EVENTS OF DEFAULT AND REMEDIES THEREFOR.

Section 6.1. Events of Default. Any one or more of the following shall constitute an "Event of Default" as such term is used herein:

(a) Default shall occur in the payment of interest on any Note when the same shall have become due and such default shall continue for more than five Business Days; or

(b) Default shall occur in the making of any required prepayment on any of the Notes as provided in Section 2.1; or

(c) Default shall occur in the making of any other payment of the principal of any Note or premium, if any, thereon at the expressed or any accelerated maturity date or at any date fixed for prepayment; or

(d) Default shall occur in the observance or performance of any covenant or agreement contained in Section 5.6 through Section 5.11; or

(e) Default shall occur in the observance or performance of any other provision of this Agreement which is not remedied within 30 days after the occurrence thereof; or

(f) Default shall be made in the payment when due (whether by lapse of time, by declaration, by call for redemption or otherwise) of the principal of or interest on any Indebtedness for borrowed money (other than the Notes) of the Company or any Restricted Subsidiary aggregating in excess of $3,000,000 and such default shall continue beyond the period of grace, if any, allowed with respect thereto, provided that an Event of Default shall not be deemed to have occurred under Section 6(f) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary; or

(g) Default or the happening of any event shall occur under any indenture, agreement or other instrument under which any Indebtedness for borrowed money (other than the Notes) of the Company or any Restricted Subsidiary aggregating in excess of $3,000,000 is outstanding and such default or event shall result in the acceleration of the maturity of any Indebtedness for borrowed money of the Company or any Restricted Subsidiary outstanding thereunder, provided that an Event of Default shall not be deemed to have occurred under this Section 6(g) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary.

(h) Any representation or warranty made by the Company herein, in any Supplement, or made by the Company in any statement or certificate furnished by the Company in connection with the consummation of the issuance and delivery of the Notes or furnished by the Company pursuant hereto, is untrue in any material respect as of the date of the issuance or making thereof; or

(i) Final judgment or judgments for the payment of money aggregating in excess of $1,000,000 (net of insurance proceeds to the extent the insurer has acknowledged liability with respect thereto) is or are outstanding against the Company or any Restricted Subsidiary or against any property or assets of either and any one of such judgments has remained unpaid, unvacated, unbonded or unstayed by appeal or otherwise for a period of 45 days from the date of its entry, provided that an Event of Default shall not be deemed to have occurred under this Section 6(i) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not,

if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary; or

(j) A custodian, liquidator, trustee or receiver is appointed for the Company or any Restricted Subsidiary or for the major part of the property of either and is not discharged within 30 days after such appointment, provided that an Event of Default shall not be deemed to have occurred under this Section 6(j) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary; or

(k) The Company or any Restricted Subsidiary becomes insolvent or bankrupt, is generally not paying its debts as they become due or makes an assignment for the benefit of creditors, or the Company or any Restricted Subsidiary applies for or consents to the appointment of a custodian, liquidator, trustee or receiver for the Company or such Restricted Subsidiary or for the major part of the property of either, provided that an Event of Default shall not be deemed to have occurred under this Section 6(k) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary; or

(l) Bankruptcy, reorganization, arrangement or insolvency proceedings, or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors, are instituted by or against the Company or any Restricted Subsidiary and, if instituted against the Company or any Restricted Subsidiary, are consented to or are not dismissed within 60 days after such institution, provided that an Event of Default shall not be deemed to have occurred under this Section 6(l) if any of the foregoing events occur only with respect to Restricted Subsidiaries which are not Wholly-owned Restricted Subsidiaries of the Company or Guarantors and if all such non-Wholly-owned Restricted Subsidiaries do not, if considered in the aggregate as a single Restricted Subsidiary, constitute a Significant Restricted Subsidiary; or

(m) For any reason any Subsidiary Note Guaranty or any Stock Pledge Agreement shall cease to be in full force and effect for any reason whatsoever, including, without limitation, a determination by any governmental body or court that any of such agreements is invalid, void or unenforceable or any Person which is a party thereto shall contest or deny in writing the validity or enforceability of any of its obligations under such agreement; or

(n) Any Plan shall fail to satisfy minimum funding requirements of ERISA, a notice of intent to terminate a Plan shall have been received by the Company, or the aggregate amount of unfunded benefit liabilities shall exceed an amount equal to 5% of Consolidated Net Worth and any such event or events could reasonably be expected to have a Material Adverse Effect.

Section 6.2. Notice to Holders. When any Default or Event of Default described in the foregoing Section 6.1 has occurred, or if the holder of any Note or of any other evidence of Indebtedness for borrowed money of the Company gives any written notice with respect to a default claimed by such holder in such written notice to exist in respect of such Indebtedness for borrowed money

or under the instrument or agreement under which such Indebtedness for borrowed money is outstanding, the Company agrees to give notice within three Business Days of such event to all holders of the Notes then outstanding.

Section 6.3. Acceleration of Maturities. When any Event of Default described in paragraph (a), (b) or (c) of Section 6.1 has happened and is continuing with respect to any series of Notes, any holder of any Note of such series may, by notice in writing to the Company sent in the manner provided in Section 9.6, declare the entire principal and all interest accrued on such Note of such series to be, and such Note shall thereupon become, forthwith due and payable, without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived. When any Event of Default described in paragraphs (a) through (i), inclusive, or paragraphs (m) or (n), of said Section 6.1 has happened and is continuing, the holders of a majority of the aggregate principal amount outstanding of any series of Notes may, by notice in writing to the Company in the manner provided in Section 9.6, declare the entire principal and all interest accrued on all Notes of such series to be, and all Notes of such series shall thereupon become, forthwith due and payable, without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived. When any Event of Default described in paragraph (j), (k) or (l) of Section 6.1 has occurred, then all outstanding Notes of every series shall immediately become due and payable without presentment, demand or notice of any kind. Upon the Notes becoming due and payable as a result of any Event of Default as aforesaid, the Company will forthwith pay to the holders of the Notes the entire principal and interest accrued on the Notes and, to the extent not prohibited by applicable law, an amount as liquidated damages for the loss of the bargain evidenced hereby (and not as a penalty) equal to the Make-Whole Amount, determined as of the date on which the Notes shall so become due and payable. No course of dealing on the part of the holder or holders of any Notes nor any delay or failure on the part of any holder of Notes to exercise any right shall operate as a waiver of such right or otherwise prejudice such holder's rights, powers and remedies. The Company further agrees, to the extent permitted by law, to pay to the holder or holders of the Notes all costs and expenses incurred by them in the collection of any Notes upon any default hereunder or thereon, including reasonable compensation to such holder's or holders' attorneys for all services rendered in connection therewith.

Section 6.4. Rescission of Acceleration. The provisions of Section 6.3 are subject to the condition that if the principal of and accrued interest on all or any outstanding Notes have been declared immediately due and payable by reason of the occurrence of any Event of Default described in paragraphs (a) through (i), inclusive, or paragraphs (m) or (n), of Section 6.1, the holders of 55% or more in aggregate principal amount of the outstanding Notes of any series then outstanding may, by written instrument filed with the Company, rescind and annul such declaration and the consequences thereof with respect to such series of the Notes, provided that at the time such declaration is annulled and rescinded:

(a) no judgment or decree has been entered for the payment of any monies due pursuant to the Notes of such series or this Agreement;

(b) all arrears of interest upon all the Notes of such series and all other sums payable under the Notes of such series and under this Agreement (except any principal, interest or premium on the Notes of such series which has become due and payable solely

by reason of such declaration under Section 6.3) shall have been duly paid; and

(c) each and every other Default and Event of Default shall have been made good, cured or waived pursuant to Section 7.1;

and provided further, that no such rescission and annulment shall extend to or affect any subsequent Default or Event of Default or impair any right consequent thereto or affect in any manner whatsoever any recission or annulment pertaining to any other series of the Notes or impair any right consequent thereto. Without limiting the foregoing, the provisions of Section 6.3 are subject to the condition that if the principal of and accrued interest on any outstanding Note of any series have been declared by the holder thereof to be immediately due and payable by reason of the occurrence of any Event of Default described in paragraph (a), (b) or (c) of Section 6.1, such holder may, by written instrument filed with the Company, rescind and annul such declaration and the consequences thereof.

SECTION 7. AMENDMENTS, WAIVERS AND CONSENTS.

Section 7.1. Consent Required. Any term, covenant, agreement or condition of this Agreement or any Supplement with respect to any series of Notes, as the case may be, may, with the consent of the Company, be amended or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively), if the Company shall have obtained the consent in writing of the Requisite Holders of such series; provided that without the written consent of the holders of all of the Notes of a particular series then outstanding, no such amendment or waiver shall be effective (a) which will change the time of payment (including any prepayment required by Section 2.1) of the principal of or the interest on any Note of such series or change the principal amount thereof or change the rate of interest thereon, or (b) which will change any of the provisions with respect to optional prepayments in respect of such series, or (c) which will change the definitions of "Make-Whole Amount", "Reinvestment Rate", "Statistical Release" or "Weighted Average Life to Maturity" insofar as the same pertains to such series, or (d) which will change the percentage of holders of the Notes required to consent to any such amendment or waiver or the taking of any other action by Noteholders under any of the provisions of this Section 7 or Section 6 insofar as the same pertains to such series; and provided further, that anything contained in this Sections 7.1 and 7.2 to the contrary notwithstanding, if for any reason whatsoever it becomes necessary or appropriate to enter into any amendment of this Agreement or any waiver with respect to compliance herewith by the Company during the period from and including the first Closing Date through and including the second Closing Date (the "Tranche C CutOff Date"): (1) Teachers Insurance and Annuity Association of America and The Travelers Insurance Company shall be deemed to be the holders of $15,000,000 and $4,000,000, respectively, in aggregate principal amount of the outstanding Series 1998A Notes (i) for purposes of any determination of the percentage of holders of the Notes required to grant or deny such requested amendment or waiver and (ii) for purposes of any determination of any payment of remuneration, whether by way of supplemental or additional interest, fee or otherwise pursuant to Section 7.2, notwithstanding that the issuance, sale and delivery of the Notes on the second Closing Date has not been consummated at the time of such amendment or waiver is requested or such payment of remuneration is determined pursuant to Section 7.2, and (2) if for any reason whatsoever, the Notes to be issued to Teachers Insurance and Annuity Association of America and The Travelers Insurance Company are not issued on or prior to the Tranche C Note CutOff Date, any such amendment or waiver entered into as contemplated by the foregoing clause (1)(i) of this Section 7.1 shall, at the option of the holders of Notes representing a majority of the aggregate outstanding Series 1998A Notes, be

deemed null and void.

Section 7.2. Solicitation of Holders. So long as there are any Notes outstanding, the Company will not solicit, request or negotiate for or with respect to any proposed waiver or amendment of any of the provisions of this Agreement, any Supplement or the Notes unless each holder of Notes of each series (irrespective of the amount of Notes then owned by it) shall, if such proposed waiver or amendment shall affect such series, be informed thereof by the Company and shall be afforded the opportunity of considering the same and shall be supplied by the Company with sufficient information to enable it to make an informed decision with respect thereto. The Company will not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, to any holder of Notes as consideration for or as an inducement to entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions of this Agreement or the Notes unless such remuneration is concurrently offered and paid, on the same terms, ratably to the holders of all Notes then outstanding (whether or not any such holder has consented to such waiver or amendment). Promptly and in any event within 30 days of the date of execution and delivery of any such waiver or amendment, the Company shall provide a true, correct and complete copy thereof to each of the holders of the Notes.

Section 7.3. Effect of Amendment or Waiver. Any such amendment or waiver shall apply equally to all of the holders of the Notes of the series to which such amendment or waiver pertains and shall be binding upon them, upon each future holder of any Note of such series and upon the Company, whether or not such Note shall have been marked to indicate such amendment or waiver. No such amendment or waiver shall extend to or affect any obligation not expressly amended or waived or impair any right consequent thereon.

SECTION 8. INTERPRETATION OF AGREEMENT; DEFINITIONS.

Section 8.1. Definitions. Unless the context otherwise requires, the terms hereinafter set forth when used herein shall have the following meanings and the following definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined:

"Acquiring Person" shall mean a "person" or "group of persons" within the meaning of Sections 13(d) and 14(d) of the Securities and Exchange Act of 1934, as amended, provided that notwithstanding the foregoing, "Acquiring Person" shall not be deemed to include any member of the Company Control Group unless such member has, directly or indirectly, disposed of, sold or otherwise transferred to, or encumbered or restricted (whether by means of voting trust agreement or otherwise) for the benefit of, an Acquiring Person all or any portion of the Voting Stock of the Company directly or indirectly owned or controlled by such member or such member directly or indirectly votes all or any portion of the Voting Stock of the Company directly or indirectly owned or controlled by such member for the taking of any action which, directly or indirectly, constitutes or would result in a Change of Control, in which event such member of the Company Control Group shall be deemed to constitute an Acquiring Person to the extent of the Voting Stock of the Company owned or controlled by such member.

"Additional Purchasers" shall mean a purchaser of Additional Notes.

"Additional Notes" shall have the meaning set forth in Section 1.4.

"Adjusted Leverage Ratio" shall mean, as of any date, the ratio of (a) the Total Seasonally

Adjusted Debt as of such date to (b) the Total Adjusted Capitalization as of such date.

"Affiliate" shall mean any Person (other than a Subsidiary) (a) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company, (b) which beneficially owns or holds 10% or more of any class of the Voting Stock of the Company or (c) 10% or more of the Voting Stock (or in the case of a Person which is not a corporation, 10% or more of the equity interest) of which is beneficially owned or held by the Company or a Restricted Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agreements" shall have the meaning set forth in Section 1.3.

"Attributable Indebtedness of Sale and Leaseback Transactions" shall mean as of the date of any determination thereof with respect to all Sale and Leaseback Transactions entered into by the Company or any Restricted Subsidiary, an amount equal to the lesser of (a) the fair market value of the property or assets which is or are the subject of such Sale and Leaseback Transactions (as determined in good faith by the Board of Directors of the Company at or about the time of the consummation of such Sale and Leaseback Transaction) and (b) the aggregate amount of the Rentals due and to become due (discounted from the respective due dates thereof to such date at the interest rate per annum implicit in such lease, with all such discounts to be computed on the basis of a 360-day year of twelve 30-day months, and otherwise in accordance with GAAP) under the lease or leases relating to such Sale and Leaseback Transactions.

"Bank Credit Agreement" shall mean the $175,000,000 Revolving Credit Agreement dated as of November 13, 1998, as the same may be amended, supplemented, replaced, renewed, or otherwise modified from time to time, by and among the Company, various lenders party thereto from time to time and NBD Bank, as Agent.

"Banks" or "the Banks" shall mean the lenders party to the Bank Credit Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which banks in Grand Rapids, Michigan or New York, New York are required by law to close or are customarily closed.

"Capitalized Lease" shall mean any lease the obligation for Rentals with respect to which is required to be capitalized on a consolidated balance sheet of the lessee and its subsidiaries in accordance with GAAP.

"Capitalized Rentals" of any Person shall mean as of the date of any determination thereof the amount at which the aggregate Rentals due and to become due under all Capitalized Leases under which such Person is a lessee would be reflected as a liability on a consolidated balance sheet of such Person.

"Change of Control" shall mean the earliest to occur of: (1) the date the Company enters into a binding written agreement with an Acquiring Person to permit such Acquiring Person to acquire, directly or indirectly, beneficial ownership of more than 50% of the total Voting Stock of the Company then outstanding, or (2) the date a tender offer or exchange offer results in an Acquiring Person, directly or indirectly, beneficially owning more than 50% of the total Voting Stock of the Company then outstanding, or (3) the date an Acquiring Person becomes, directly or indirectly, the beneficial owner of more than 50% of the total Voting Stock of the Company then outstanding, or (4) the date of a merger between the Company and any other Person, a consolidation of the Company with any other Person or an acquisition of any other Person by the Company, if immediately after such event, the Acquiring Person shall hold more than 50% of the

total Voting Stock of the Company outstanding immediately after giving effect to such merger, consolidation or acquisition, or, if the Company shall not be the surviving entity, of the surviving, resulting or continuing corporation.

"Change of Control Delayed Prepayment Date" shall have the meaning set forth in Section 2.3(b).

"Change of Control Prepayment Date" shall have the meaning set forth in Section 2.3(a).

"Closing Dates" shall have the meaning set forth in Section 1.2.

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

"Collateral Agent" shall mean NBD Bank, in its role as Collateral Agent under the Intercreditor Agreement.

"Company" shall mean Universal Forest Products, Inc., a Michigan corporation, and any Person who succeeds to all, or substantially all, of the assets and business of Universal Forest Products, Inc.

"Company Control Group" shall mean all, or any combination of, any one or more of the individuals comprising Current Management and who, as of the date of any determination hereof: (a) is employed on a full-time basis by the Company as a director or officer of the Company, and (b) has been so employed for at least three years preceding such date of determination, except Gary Wright who shall in any event be deemed to be a member of the Company Control Group for so long as he is employed on a full-time basis by the Company as a director or officer.

"Company Notice" shall have the meaning set forth in Section 2.3(a).

"Consolidated Fixed Charges" for any period shall mean on a consolidated basis the sum of (a) all Rentals expense (other than Rentals on Capitalized Leases) during such period of the Company and its Restricted Subsidiaries, (b) all Interest Expense on all Indebtedness (including the interest component of Rentals on Capitalized Leases) of the Company and its Restricted Subsidiaries and (c) all capitalized interest of the Company and its Restricted Subsidiaries.

"Consolidated Funded Debt" shall mean all Funded Debt of the Company and its Restricted Subsidiaries, determined on a consolidated basis eliminating intercompany items.

"Consolidated Net Earnings" for any period shall mean the gross revenues of the Company and its Restricted Subsidiaries for such period less all expenses and other proper charges (including taxes on income), determined on a consolidated basis after eliminating earnings or losses attributable to outstanding Minority Interests, but excluding in any event:

(a) any gains or losses on the sale or other disposition of Investments or fixed or capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;

(b) the proceeds of any life insurance policy;

(c) net earnings and losses of any Restricted Subsidiary accrued prior to the date it became a Restricted Subsidiary;

(d) net earnings and losses of any corporation (other than a Restricted Subsidiary that is a Restricted Subsidiary prior to being acquired by the Company or any Restricted Subsidiary), substantially all the assets of which have been acquired in any manner by the Company or any Restricted Subsidiary, realized by such corporation prior to the date of such acquisition;

(e) net earnings and losses of any corporation (other than a Restricted Subsidiary that is a Restricted Subsidiary prior to being consolidated or merged with or into the Company or any Restricted Subsidiary) with which the Company or a Restricted Subsidiary shall have consolidated or which shall have merged into or with the Company or a Restricted Subsidiary prior to the date of such consolidation or merger;

(f) net earnings of any business entity (other than a Restricted Subsidiary) in which the Company or any Restricted Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Company or such Restricted Subsidiary in the form of cash distributions;

(g) any portion of the net earnings of any Restricted Subsidiary which for any reason is unavailable for payment of dividends to the Company or any other Restricted Subsidiary;

(h) earnings or losses resulting from any reappraisal, revaluation, write-up or write-down of assets (other than earnings or losses resulting from any reappraisal, revaluation, write-up or write-down of assets or a business entity acquired by the Company or any of its Restricted Subsidiaries, which reappraisal, revaluation, write-up or write-down is made (x) in accordance with GAAP and with the concurrence of the Company's independent public accountants and (y) concurrently with the acquisition of such assets or business entity, as the case may be);

(i) any deferred or other credit representing any excess of the equity in any Restricted Subsidiary at the date of acquisition thereof over the amount invested in such Restricted Subsidiary;

(j) any gain or loss arising from the acquisition of any Securities of the Company or any Restricted Subsidiary;

(k) any reversal of any contingency reserve, except to the extent that provision for such contingency reserve shall have been made from income arising during such period and except any reversal of any contingency reserve created to secure or fund any liability of the Company or any of its Restricted Subsidiaries in connection with the violation of any Environmental Law or in connection with any liability relating to health or medical insurance maintained by the Company or any of its Restricted Subsidiaries if in connection with any such reversal the Company has created an alternative security, contingency reserve or similar such offsetting asset relating to such liability which in the reasonable opinion of the Board of the Directors of the Company is adequate and prudent under the circumstances; and

(l) any other extraordinary gain or loss.

"Consolidated Net Earnings Available for Fixed Charges" for any period shall mean the sum of (a) Consolidated Net Earnings during such period plus (to the extent deducted in determining Consolidated Net Earnings), (b) all provisions for any Federal, state or other income taxes made by the Company and its Restricted Subsidiaries during such period and (c) Consolidated Fixed Charges during such period.

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

"Consolidated Total Assets" shall mean as of the date of any determination thereof, total assets of the Company and its Restricted Subsidiaries determined on a consolidated basis in accordance with GAAP.

"Consolidated Total Capitalization" shall mean as of the date of any determination thereof, the sum of (a) Consolidated Funded Debt plus (b) Consolidated Net Worth.

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

"Current Debt" of any Person shall mean as of the date of any determination thereof all (i) Indebtedness of such Person other than Funded Debt and (ii) Guaranties by such Person of Current Debt of others.

"Current Management" shall mean Peter F. Secchia, William G. Currie, Matthew Missad, Gary Wright, James H. Ward, Michael B. Glenn, and Elizabeth A. Bowman, whether in case of each of the foregoing, such Person owns capital stock of the Company directly or beneficially.

"Default" shall mean any event or condition the occurrence of which would, with the lapse of time or the giving of notice, or both, constitute an Event of Default.

"Domestic Restricted Subsidiary" shall mean any direct or indirect Restricted Subsidiary of the Company organized under the laws of any state of the United States of America or the District of Columbia.

"Environmental Law" shall mean any federal, state or local statute, law, regulation, order, consent decree or permit relating to the environment, including, without limitation, those relating to releases, discharges or emissions to air, water, land or groundwater, to the withdrawal or use of groundwater, to the disposal, treatment, storage or management of hazardous waste or Hazardous Substances, or to exposure to toxic or hazardous materials, to the handling, transportation, discharge or release of gaseous or liquid Hazardous Substances and any regulation, order, notice or demand issued pursuant to such law, statute or ordinance, in each case applicable to the property of the Company and its Subsidiaries or the operation of any thereof, including without limitation the following: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984, the Hazardous Materials Transportation Act, as amended, the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1976, the Safe Drinking Water Control Act, the Clean Air Act of 1966, as amended, the Toxic Substances Control Act of 1976, the Emergency Planning and Community Right-to-Know Act of 1986, the National Environmental Policy Act of 1975, and any similar or implementing state law, and any state statute and any further amendments to these laws providing

for financial responsibility for cleanup or other actions with respect to the release or threatened release of Hazardous Substances, and all rules and regulations promulgated thereunder.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA shall be construed to also refer to any successor sections.

"ERISA Affiliate" shall mean any corporation, trade or business that is, along with the Company, a member of a controlled group of corporations or a controlled group of trades or businesses, as described in section 414(b) and 414(c), respectively, of the Code or Section 4001 of ERISA.

"Event of Default" shall have the meaning set forth in Section 6.1.

"Financial Contract "of a Person shall mean (a) any exchangetraded or overthecounter futures, forward, swap or option contract or other financial instrument with similar characteristics, or (b) any agreements, devices or arrangements providing for payments related to fluctuations of interest rates, exchange rates or forward rates, including, but not limited to, interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options.

"Funded Debt" of any Person shall mean (a) all Indebtedness of such Person for borrowed money or which has been incurred in connection with the acquisition of assets in each case having a final maturity of one or more than one year from the date of origin thereof (or which is renewable or extendible at the option of the obligor for a period or periods more than one year from the date of origin), including all payments in respect thereof that are required to be made within one year from the date of any determination of Funded Debt, whether or not the obligation to make such payments shall constitute a current liability of the obligor under GAAP, (b) all Capitalized Rentals of such Person, (c) all Guaranties by such Person of Funded Debt of others, and (d) if, during the 365-day period immediately preceding the date of any determination of Funded Debt of such Person, there shall not have been a period of at least 30 consecutive days during which Indebtedness of such Person outstanding under all revolving credit or similar agreements are equal to zero, then, and in such an event, an amount equal to the highest aggregate amount of all such Indebtedness outstanding during any period of 30 consecutive days selected by such Person during such preceding 365-day period.

"GAAP" shall mean United States generally accepted accounting principles at the time.

"Guaranties" by any Person shall mean all obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any property or assets constituting security therefor, (b) to advance or supply funds (1) for the purchase or payment of such Indebtedness or obligation or (2) to maintain working capital or any balance sheet or income statement condition or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, (c) to lease property or to purchase Securities or other property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation, or (d) otherwise to assure the owner of the Indebtedness or obligation of the primary obligor against

loss in respect thereof. For the purposes of all computations made under this Agreement, a Guaranty in respect of any Indebtedness for borrowed money shall be deemed to be Indebtedness equal to the principal amount of such Indebtedness for borrowed money which has been guaranteed, and a Guaranty in respect of any other obligation or liability or any dividend shall be deemed to be Indebtedness equal to the maximum aggregate amount of such obligation, liability or dividend.

"Hazardous Substance" shall mean chromium, chromated copper arsenate, or any other hazardous or toxic material, substance or waste, pollutant or contaminant which is regulated under any statute, law, ordinance, rule or regulation of any local, state, regional or federal authority having jurisdiction over the property of the Company and its Subsidiaries or its use, including but not limited to any material, substance or waste which is: (a) defined as a hazardous substance under Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317) as amended; (b) regulated as a hazardous waste under Section 1004 or Section 3001 of the Federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), as amended; (c) defined as a hazardous substance under Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), as amended; (d) defined or regulated as an ambient or hazardous air pollutant pursuant to the Clean Air Act (42 U.S.C. Section 7401 et seq.), as amended; or (e) defined or regulated as a hazardous substance or hazardous waste under any rules or regulations promulgated under any of the foregoing statutes.

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

"Initial Subsidiary Note Guaranty" shall have the meaning set forth in Section 1.5.

"Institutional Holder" shall mean any of the following Persons: (a) any bank, savings and loan association, savings institution, trust company or national banking association, acting for its

own account or in a fiduciary capacity, (b) any charitable foundation, (c) any insurance company, (d) any fraternal benefit society, (e) any pension, retirement or profit sharing trust or fund within the meaning of Title I of ERISA or for which any bank, trust company, national banking association or investment adviser registered under the Investment Advisers Act of 1940, as amended, is acting as trustee or agent, (f) any investment company or business development company, as defined in the Investment Company Act of 1940, as amended, (g) any small business investment company licensed under the Small Business Investment Act of 1958, as amended, (h) any broker or dealer registered under the Securities Exchange Act of 1934, as amended, or any investment adviser registered under the Investment Adviser Act of 1940, as amended, (i) any government, any public employees' pension or retirement system, or any other government agency supervising the investment of public funds, (j) any other entity all of the equity owners of which are Institutional Holders or (k) any other Person which may be within the definition of "qualified institutional buyer" as such term is used in Rule 144A, as from time to time in effect, promulgated under the Securities Act of 1933, as amended.

"Intercreditor Agreement" shall have the meaning set forth in Section 1.5.

"Interest Expense" for any period shall mean all interest and all amortization of debt discount and any other fees, commissions and expenses (including without limitation net interest costs of interest rate swaps and hedges) on or in respect of any particular Indebtedness (including, without limitation, paymentinkind, zero coupon and other like Securities and letters of credit and banker's acceptances) for which such calculations are being made. Computations of Interest Expense on a pro forma basis for Indebtedness having a variable interest rate shall be calculated at the rate in effect on the date of any determination.

"Investments" shall mean all investments, in cash or by delivery of property, made directly or indirectly in any Person, whether by acquisition of shares of capital stock, Indebtedness or other obligations or Securities or by loan, advance, capital contribution or otherwise; provided, however, that "Investments" shall not mean or include routine investments and property to be used or consumed in the ordinary course of business.

"Lien" shall mean any interest in property securing an obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances (including, with respect to stock, stockholder agreements, voting trust agreements, buy-back agreements and all similar arrangements) affecting property. For the purposes of this Agreement, the Company or a Restricted Subsidiary shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale agreement, Capitalized Lease or other arrangement pursuant to which title to the property has been retained by or vested in some other Person for security purposes and such retention or vesting shall constitute a Lien.

"Make-Whole Amount" shall mean in connection with any prepayment or acceleration of the Notes the excess, if any, of (a) the aggregate present value as of the date of such prepayment or payment of each dollar of principal being prepaid or paid (taking into account the application of such prepayment or payment required by Section 2.1) and the amount of interest (exclusive of interest accrued to the date of prepayment or payment) that would have been payable in respect of such

dollar if such prepayment or payment had not been made, determined by discounting such amounts at the Reinvestment Rate from the respective dates on which they would have been payable, over (b) 100% of the principal amount of the outstanding Notes being prepaid or paid. For purposes of any determination of the Make-Whole Amount:

"Reinvestment Rate" shall mean (1) the sum of .50%, plus the yield reported on page "USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in the United States government Securities) at 11:00 A.M. (New York City, New York time) for the United States government Securities having a maturity (rounded to the nearest month) corresponding to the remaining Weighted Average Life to Maturity of the principal being prepaid or paid or (2) in the event that no nationally recognized trading screen reporting on-line intraday trading in the United States government Securities is available, Reinvestment Rate shall mean the sum of .50%, plus the arithmetic mean of the yields for the two columns under the heading "Week Ending" published in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the principal being prepaid or paid. If no maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make-Whole Amount shall be used.

"Statistical Release" shall mean the then most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the Requisite Holders.

"Weighted Average Life to Maturity" of the principal amount of the Notes being prepaid or paid shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of such principal by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (1) multiplying (i) the remainder of the amount of principal that would have become due on each scheduled payment date if such prepayment or payment had not been made by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date, and (2) totaling the products obtained in (1).

"Material Adverse Effect" shall mean a material adverse effect on (i) the business, operations, affairs, financial condition, assets, or properties of the Company and its Restricted Subsidiaries taken as a whole, (ii) the ability of the Company to perform its obligation under this

Agreement and the Notes or (iii) the validity or enforceability of this Agreement or the Notes.

"Minority Interests" shall mean any shares of stock of any class of a Restricted Subsidiary (other than directors' qualifying shares as required by law) that are not owned by the Company and/or one or more of its Subsidiaries. Minority Interests shall be valued by valuing Minority Interests constituting preferred stock at the voluntary or involuntary liquidating value of such preferred stock, whichever is greater, and by valuing Minority Interests constituting common stock at the book value of capital and surplus applicable thereto adjusted, if necessary, to reflect any changes from the book value of such common stock required by the foregoing method of valuing Minority Interests in preferred stock.

"Multiemployer Plan" shall have the same meaning as in ERISA.

"Noteholder Notice" shall have the meaning set forth in Section 2.3(a).

"Notes" shall have the meaning set forth in Section 1.1.

"Offering Materials" shall mean the Private Placement Memorandum dated November, 1998 delivered to each of the Purchasers by NationsBanc Montgomery Securities LLC.

"Officer Notes" shall mean notes or other evidences of Indebtedness entered into by officers of the Company within the limitations of this Agreement, including without limitation Section 5.14, in connection with and as part of an incentive stock option plan of the Company the purpose of which is to permit such officer to acquire capital stock of the Company.

"Overdue Rate" shall mean the lesser of (a) the maximum interest rate permitted by law and (b) the coupon rate of interest plus 2% per anum.

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

"Plan" shall mean a "pension plan," as such term is defined in ERISA, established or maintained by the Company or any ERISA Affiliate or as to which the Company or any ERISA Affiliate contributed or is a member or otherwise may have any liability.

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

"Purchasers" shall have the meaning set forth in Section 1.1.

"Qualified Current Debt" and "Qualified Funded Debt" shall mean Current Debt or Funded Debt, as the case may, of a Restricted Subsidiary Guarantor which is a Restricted Subsidiary Guarantor on the first Closing Date or any Person who has become a Restricted Subsidiary Guarantor after the first Closing Date in accordance with Section 5.17 hereof; provided that the obligee of such Current Debt or Funded Debt shall have entered into the Intercreditor Agreement.

"Rentals" shall mean and include as of the date of any determination thereof all fixed payments (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Company or a Restricted Subsidiary, as lessee or sublessee under a lease of real or personal property (less, in the case of any determination of Consolidated Fixed Charges, any fixed rents received by the Company or any such Restricted Subsidiary, as sublessor, under any "triple net, non-cancellable" sublease of the same such real or personal property). Fixed rents under any so-called "percentage leases" shall be computed solely on the basis of the minimum rents, if any, required to be paid by the lessee regardless of sales volume or gross revenues.

"Reportable Event" shall have the same meaning as in ERISA.

"Requisite Holders" shall mean the holders of at least a majority in aggregate principal amount of the outstanding Notes of a series.

"Responsible Officer" shall mean the Chief Executive Officer, the President or the Vice President-Finance of the Company.

"Restricted Subsidiary" shall mean any Subsidiary which: (i) at least 60% of the voting securities are owned by the Company and/or one or more Wholly-owned Restricted Subsidiaries and (ii) the Company has designated a Restricted Subsidiary by notice in writing given to the holders of the Notes, provided that the designation of a Subsidiary as "unrestricted" or "restricted" shall not be changed more than twice.

"Restricted Subsidiary Guarantor" shall mean a Subsidiary Guarantor that is a Restricted Subsidiary.

"Sale and Leaseback Transaction" shall mean any arrangement whereby the Company or any Restricted Subsidiary shall sell or transfer any property owned by the Company or any Restricted Subsidiary to any Person other than the Company or a Restricted Subsidiary and thereupon the Company or a Restricted Subsidiary shall lease or intend to lease, as lessee, the same property.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Senior Funded Debt" shall mean all Funded Debt of the Company which is not expressed to be subordinate or junior in rank to any other Funded Debt of the Company.

"Senior Indebtedness" shall mean all unsecured Indebtedness for borrowed money of the Company which is not expressed to be subordinate or junior in rank to any other Indebtedness for borrowed money of the Company.

"Significant Restricted Subsidiary" shall mean any one or more Restricted Subsidiaries which, if considered in the aggregate as a single Restricted Subsidiary, would comprise 10% or more of the total assets of the Company and its Subsidiaries on a consolidated basis.

"Stock Pledge Agreement" shall have the meaning set forth in Section 5.18.

"Subsidiary" shall mean as to any particular parent corporation, any corporation of which more than 50% (of the number of votes) of the Voting Stock shall be beneficially owned, directly or indirectly, by such parent corporation. "Subsidiary" shall mean a subsidiary of the Company.

"Subsidiary Bank Guaranty" shall mean any Guaranty of any Subsidiary of the Company with respect to the payment of sums due and owing under the Bank Credit Agreement, or any replacement, renewal or modification thereof.

"Subsidiary Guarantor" shall mean a Subsidiary that Guaranties the payment of the Notes and all other obligations of the Company under this Agreement.

"Subsidiary Note Guaranty" shall mean any Guaranty of any Subsidiary of the Company with respect to the payment of the Notes and all other sums due and owing by the Company under this Agreement (including the Initial Subsidiary Note Guaranty).

"Supplement" shall have the meaning set forth in Section 1.4.

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

"Total Debt" as of any date, shall mean, without duplication, all of the following for the

Company and its Restricted Subsidiaries on a consolidated basis: (a) all Indebtedness for borrowed money and similar monetary obligations evidenced by bonds, notes, debentures, acceptances, Capitalized Lease obligations or otherwise, (b) all liabilities secured by any Lien existing on property owned or acquired by the Company or any Restricted Subsidiary subject thereto, whether or not the liability secured thereby shall have been assumed, (c) all reimbursement obligations under outstanding letters of credit, bankers' acceptances or similar instruments in respect of drafts which (i) may be presented or (ii) have been presented and have not yet been paid and are not included in clause (a) above, and (d) all Guarantees and other Contingent Liabilities relating to indebtedness, obligations or liabilities of the type described in the foregoing clauses (a), (b) and (c).

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

"Tranche C Cut-Off Date" shall have the meaning set forth in Section 7.1

"Unrestricted Subsidiary" shall mean a Subsidiary of the Company that is not a Restricted Subsidiary.

"Voting Stock" shall mean Securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

"Wholly-owned" when used in connection with any Subsidiary shall mean a Subsidiary of which all of the issued and outstanding shares of stock (except shares required as directors' qualifying shares) and all Indebtedness for borrowed money shall be owned by the Company and/or one or more of its Wholly-owned Subsidiaries.

Section 8.2. Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

Section 8.3. Directly or Indirectly. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether the action in question is taken directly or indirectly by such Person.

SECTION 9. MISCELLANEOUS.

Section 9.1. Registered Notes. The Company shall cause to be kept at its principal office a register for the registration and transfer of the Notes, and the Company will register or transfer or cause to be registered or transferred, as hereinafter provided, any Note issued pursuant to this Agreement.

At any time and from time to time the holder of any Note which has been duly registered as hereinabove provided may transfer such Note upon surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the holder of such Note or its attorney duly authorized in writing.

The Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes of this Agreement. Payment of or on account of the principal, premium, if any, and interest on any Note shall be made to or upon the written order

of such holder.

Section 9.2. Exchange of Notes. At any time and from time to time, upon not less than ten days' notice to that effect given by the holder of any Note initially delivered or of any Note substituted therefor pursuant to Section 9.1, thiS Section 9.2 or Section 9.3, and, upon surrender of such Note at its office, the Company will deliver in exchange therefor, without expense to such holder, except as set forth below, a Note of the same series and tranche, if any, for the same aggregate principal amount as the then unpaid principal amount of the Note so surrendered, or Notes in the denomination of $100,000 (or such lesser amount as shall constitute 100% of the Notes of such holder) or any amount in excess thereof as such holder shall specify, dated as of the date to which interest has been paid on the Note so surrendered or, if such surrender is prior to the payment of any interest thereon, then dated as of the date of issue, registered in the name of such Person or Persons as may be designated by such holder, and otherwise of the same form and tenor as the Notes so surrendered for exchange. The Company may require the payment of a sum sufficient to cover any stamp tax or governmental charge imposed upon such exchange or transfer.

Section 9.3. Loss, Theft, Etc. of Notes. Upon receipt of evidence satisfactory to the Company of the loss, theft, mutilation or destruction of any Note, and in the case of any such loss, theft or destruction upon delivery of a bond of indemnity in such form and amount as shall be reasonably satisfactory to the Company, or in the event of such mutilation upon surrender and cancellation of the Note, the Company will make and deliver without expense to the holder thereof, a new Note, of like tenor, in lieu of such lost, stolen, destroyed or mutilated Note. If the Purchaser or any subsequent Institutional Holder is the owner of any such lost, stolen or destroyed Note, then the affidavit of an authorized officer of such owner, setting forth the fact of loss, theft or destruction and of its ownership of such Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no further indemnity shall be required as a condition to the execution and delivery of a new Note other than the written agreement of such owner to indemnify the Company.

Section 9.4. Expenses, Stamp Tax Indemnity. Whether or not the transactions herein contemplated shall be consummated, the Company agrees to pay directly all of your out-of-pocket expenses in connection with the preparation, execution and delivery of this Agreement and the transactions contemplated hereby, including but not limited to the charges and disbursements of Chapman and Cutler, your special counsel, duplicating and printing costs and charges for shipping the Notes, adequately insured to you at your home office or at such other place as you may designate, and all such expenses relating to any amendments, waivers or consents pursuant to the provisions hereof (whether or not the same are actually executed and delivered), including, without limitation, any amendments, waivers, or consents resulting from any work-out, renegotiation or restructuring relating to the performance by the Company of its obligations under this Agreement and the Notes. Without limiting Section 4.1(h), the Company agrees to pay, within fifteen Business Days of receipt thereof, supplemental statements of Chapman and Cutler for disbursements unposted or not incurred as of a Closing Date. The Company further agrees that it will pay and save you harmless against any and all liability with respect to stamp and other taxes, if any, which may be payable or which may be determined to be payable in connection with the execution and delivery of this Agreement or the Notes, whether or not any Notes are then outstanding and to pay and save

you harmless against any and all losses, costs and expenses relating to any request by the Requisite Holders of the Notes for the Company to hire a consultant pursuant to Section 5.16(c). The Company agrees to protect and indemnify you against any liability for any and all brokerage fees and commissions payable or claimed to be payable to any Person in connection with the transactions contemplated by this Agreement. Without limiting the foregoing, the Company agrees to pay the cost of obtaining the private placement number for each series, and tranche, if any, of the Notes and authorizes the submission of such information as may be required by Standard & Poor's CUSIP Service Bureau for the purpose of obtaining such number.

Section 9.5. Powers and Rights Not Waived; Remedies Cumulative. No delay or failure on the part of the holder of any Note in the exercise of any power or right shall operate as a waiver thereof; nor shall any single or partial exercise of the same preclude any other or further exercise thereof, or the exercise of any other power or right, and the rights and remedies of the holder of any Note are cumulative to, and are not exclusive of, any rights or remedies any such holder would otherwise have.

Section 9.6. Notices. All communications provided for hereunder shall be in writing and, if to you, delivered or mailed prepaid by registered or certified mail or overnight air courier, or by facsimile communication, in each case addressed to you at your address appearing on Schedule I to this Agreement or any Supplement or such other address as you or the subsequent holder of any Note initially issued to you may designate to the Company in writing, and if to the Company, delivered or mailed by registered or certified mail or overnight air courier, or by facsimile communication, to the Company at 2801 East Beltline, N.E., Grand Rapids, Michigan 49525, Attention: Elizabeth A. Bowman, or to such other address as the Company may in writing designate to you or to a subsequent holder of the Note initially issued to you; provided, however, that a notice to you by overnight air courier shall only be effective if delivered to you at a street address designated for such purpose in Schedule I to this Agreement or any Supplement, and a notice to you by facsimile communication shall only be effective if made by confirmed transmission to you at a telephone number designated for such purpose in Schedule I to this Agreement or any Supplement, or, in either case, as you or a subsequent holder of any Note initially issued to you may designate to the Company in writing.

Section 9.7. Environmental Indemnity and Covenant Not to Sue. (a) The Company agrees to indemnify and hold harmless from time to time the Purchasers and each other holder of the Notes, each Person claiming by, through, under or on account of any of the foregoing and the respective directors, officers, counsel and employees of each of the foregoing Persons (the "Indemnified Parties") from and against any and all losses, claims, cost recovery actions, administrative orders or proceedings, damages and liabilities to which any such Indemnified Party may become subject (1) under any Environmental Law applicable to the Company or any of its Subsidiaries or any of their respective properties, (2) the presence, use, release, storage, treatment or disposal of Hazardous Substances on or at any property owned or operated by the Company or any Subsidiary, (3) as a result of the breach of or non-compliance by the Company or any of its Subsidiaries with any Environmental Law applicable to the Company or any of its Subsidiaries and (4) due to past ownership of any of their respective properties or past activity on any of their respective properties which, though lawful and fully permissible at the time, could result in present liability, except to the extent the acts or omissions of such Indemnified Party, its successors and assigns are the sole and direct cause of the circumstances giving rise to such demand, claim, cost recovery action or lawsuit. The provisions of this Section 9.7(a) shall survive termination of this

Agreement by payment in full of all of the Notes issued hereunder and shall survive the transfer of any Note or Notes issued hereunder.

(b) Without limiting the provisions of Section 9.7(a), the Company and its successors and assigns hereby waive, release and covenant not to bring against any of the Indemnified Parties any demand, claim, cost recovery action or lawsuit they may now or hereafter have or accrue arising from (1) any Environmental Law now or hereafter enacted (including those applicable to the Company or any of its Subsidiaries), (2) the presence, use, release, storage, treatment or disposal of Hazardous Substances on or at any of the properties owned or operated by the Company or any of its Subsidiaries, or (3) the breach of or non-compliance by the Company with any Environmental Law or environmental covenant applicable to the Company or any of its Subsidiaries, except to the extent the acts or omissions of such Indemnified Party, its successors and assigns are the sole and direct cause of the circumstances giving rise to such demand, claim, cost recovery action or lawsuit.

The foregoing provisions of this Section 9.7 shall not restrict the Company's ability to enforce its right to recover damages pursuant to any policy of insurance providing coverage for environmental matters underwritten by any holder of Notes in its capacity as an insurance company.

Section 9.8. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to your benefit and to the benefit of your successors and assigns, including each successive holder or holders of any Notes.

Section 9.9. Survival of Covenants and Representations. All covenants, representations and warranties made by the Company herein (including any Supplement) and in any certificates delivered pursuant hereto, whether or not in connection with a Closing Date, shall survive the closing and the delivery of this Agreement and the Notes.

Section 9.10. Severability. Should any part of this Agreement for any reason be declared invalid or unenforceable, such decision shall not affect the validity or enforceability of any remaining portion, which remaining portion shall remain in force and effect as if this Agreement had been executed with the invalid or unenforceable portion thereof eliminated and it is hereby declared the intention of the parties hereto that they would have executed the remaining portion of this Agreement without including therein any such part, parts or portion which may, for any reason, be hereafter declared invalid or unenforceable.

Section 9.11. Governing Law. THIS AGREEMENT AND THE NOTES ISSUED AND SOLD HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH NEW YORK LAW, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

Section 9.12. Submission to Jurisdiction. The Company hereby expressly waives all right to object to jurisdiction or execution in any legal action or proceeding relating to this Agreement or the Notes which it may now or hereafter have by reason of its domicile or by reason of any subsequent or other domicile. The Company agrees that any legal action or proceeding with respect to this Agreement or any Note, or any instrument, agreement or document mentioned or contemplated herein, or to enforce any judgment obtained against the Company in any such legal action or proceeding against it or any of its properties or revenues, may be brought by the holder of any Note in the courts of the County of New York, State of New York or of the United States

of America located in New York, New York, as the holder of any Note may elect, and by execution and delivery of this Agreement, the Company irrevocably submits to each such jurisdiction for such purpose only.

In addition, the Company hereby irrevocably and unconditionally waives, to the extent not prohibited by applicable law, any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Agreement or the Notes brought in any of the aforesaid courts, and hereby further irrevocably and unconditionally waives and agrees, to the extent not prohibited by applicable law, not to plead or claim that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 9.13. Captions. The descriptive headings of the various Sections or parts of this Agreement are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

UNIVERSAL FOREST PRODUCTS, INC.

By: ---

Its: ---

Accepted as of December 1, 1998.

[VARIATION]

By: ---

Its: ---

INFORMATION RELATING TO PURCHASERS

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
PRINCIPAL LIFE INSURANCE COMPANY 711 High Street Des Moines, Iowa 50392-0800 Attn: Investment Department -Securities Telefacsimile: (515) 248-2490 Confirmation:(515) 248-3495	$17,500,000 (Two Notes: $12,500,000 and $5,000,000) (Tranche B)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds to:

Norwest Bank Iowa, N.A.
7th and Walnut Streets
Des Moines, Iowa 50309
ABA #073000228
For credit to Principal Life Insurance Company
Account No. 0000014752 (for $12,500,000 Note)
Account No. 0000032395 (for $5,000,000 Note)
Reference: OBI PFGSE(S) B0061917(), Principal $_____, Interest $_____. With sufficient information (including interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds.

Notices
All notices with respect to payments on the Notes should be sent to:

Principal Life Insurance Company
711 High Street
Des Moines, Iowa 50392-0960
Attention: Investment Accounting - Securities
Telefacsimile: (515) 248-2643
Confirmation: (515) 247-0689

All other notices and communications to be addressed as first provided above.
Name of Nominee in which Notes are to be issued: None
Tax Identification No.: 42-0127290

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
COMMERCIAL UNION LIFE INSURANCE COMPANY OF AMERICA c/o Principal Life Insurance Company 711 High Street Des Moines, Iowa 50392-0800 Attn: Investment Department - Securities Telefacsimile: (515) 248-2490 Confirmation: (515) 248-3495	$1,500,000 (Tranche B)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds to:

First Union (Philadelphia)
ABA No. 031201467
1500 Market Street
Philadelphia, PA 19102-2509
Attention: Joe Amen
DDA 5000012398064
For further credit to Account No. 060073-02-4 (name of Commercial Union Life Insurance Company of America/Principal)
Reference: OBI PFGSE(S) B0061917
With sufficient information (including interest rate, maturity date, interest amount, principal amount and premium amount, if applicable) to identify the source and application of such funds.

Notices
All notices with respect to payments to:
Principal Life Insurance Company
711 High Street
Des Moines, Iowa 50392-0960
Attention: Investment Accounting - Securities
Telefacsimile: (515) 248-2643
Confirmation: (515) 247-0689

All other notices and communications to be addressed as first provided above.
Name of Nominee in which Notes are to be issued: None
Tax Identification No.: 04-2235236

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
TMG LIFE INSURANCE COMPANY c/o The Mutual Group (U.S.),Inc. 401 North Executive Drive, Suite 300 Brookfield, Wisconsin 53008-0503 Attention: Connie Keller Phone: (414) 641-4022 Facsimile: (414) 641-4055	$2,000,000 (Tranche B)	0

Payments
All payments on account of the Notes shall be made by wire or intrabank transfer of immediately available funds to:

Norwest Bank Minnesota, N.A.
ABA #091000019
BNF A/C: 0840245
BNF: Trust Clearing Account
REF: ATTN: Income Collections
TRUST ACCOUNT: 12250600
Universal Forest Products Company, Inc.
PPN 913543 A# 1

Notices
All notices with respect to payments shall be delivered to:

TMG Life Insurance Company
c/o The Mutual Group (U.S.), Inc.
Attn: Tamie Greenwood
401 North Executive Drive, Suite 300
Brookfield, Wisconsin 53008-0503
Telephone Number: (414) 641-4027
Facsimile Number: (414) 641-4055

All other notices and communications to be addressed as first provided above.
Name of Nominee in which Notes are to be issued: None
Taxpayer I.D. Number: 45-0208990

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA 201 Park Avenue South New York, New York 10003 Attention: Mr. Thomas Donohue, Investment Department 7B Fax Number: (212) 777-6715	$13,000,000 (Tranche B)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., 6.98% Series 1998 A Senior Notes, Tranche B, due 2008, principal, premium or interest" to:

The Chase Manhattan Bank
FED ABA #021000021
CHASE/NYC/CTR/BNF
A/C 900-9-000200

Reference A/C #G05978 The Guardian
And the name and CUSIP for which payment is being made

Notices
All notices of payments, on or in respect of the Notes and written confirmation of each such payment to:

The Guardian Life Insurance Company of America
201 Park Avenue South
New York, New York 10003
Attention: Investment Accounting M-IA
Fax Number: (212) 677-9023

All notices and communications other than those in respect to payments to be addressed as first provided above.

Name of Nominee in which Notes are to be issued: CUDD & CO.
Taxpayer I.D. Number: 13-6022143

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
MONY LIFE INSURANCE COMPANY 1740 Broadway New York, New York 10019 Attention: Capital Management UnitTelecopy Number: (212) 708-2491	$12,000,000 (Tranche B)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., 6.98% Series 1998 A Senior Notes, Tranche B, due 2008, PPN 913543 A# 1, principal, premium or interest") to:

Chase Manhattan Bank
ABA #021000021
for credit to Private Income Processing Account No. 544-755102

Notices
All notices of payment on or in respect of the Notes and written confirmation of each such payment to:

IF BY REGISTERED MAIL, CERTIFIED MAIL OR FEDERAL EXPRESS:

The Chase Manhattan Bank
4 New York Plaza, 13th Floor
New York, New York 10004
Attention: Income Processing - J. Piperato, 13th Floor

IF BY REGULAR MAIL:

The Chase Manhattan Bank
Dept. 3492
P. O. Box 50000
Newark, New Jersey 07101-8006

WITH A SECOND COPY TO:

Telecopy Confirms and Notices:

(212) 708-2152
Attention: Securities Custody Division M.D. 6-39A

Mailing Confirms and Notices:

MONY Life Insurance Company
1740 Broadway
New York, New York 10019
Attention: Securities Custody Division M.D. 6-39A

All notices and communications other than those in respect to payments to be addressed as first provided above. Name of Nominee in which Notes are to be issued: J. ROMEO & CO.
Taxpayer I.D. Number: 13-1632487

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
UNITED OF OMAHA LIFE INSURANCE COMPANY Mutual of Omaha Plaza Omaha, Nebraska 68175-1011 Attention: 4-Investment Loan Administration	$8,500,000 (Tranche B)	0

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., 6.98% Series 1998 A Senior Notes, Tranche B, due 2008, PPN 913543 A# 1, principal, premium or interest") to:

Chase Manhattan Bank
ABA #021000021
Private Income Processing
For credit to: United of Omaha Life Insurance Company
Account Number 900-9000200
a/c G07097
PPN 913543 A# 1
Interest Amount: 6.98%
Principal Amount: $8,500,000

Notices
Address for all notices in respect of payment of Principal and Interest, Corporate Actions, and Reorganization Notifications:

The Chase Manhattan Bank
4 New York Plaza-13th Floor
New York, New York 10004
Attention: Investment Processing-J. Pipperato
a/c: G07097

Address for all other notices and communications (i.e., Quarterly/Annual reports, Tax filings, Modifications, Waivers regarding the indenture) to be addressed as first provided above.

Name of Nominee in which Notes are to be issued: None
Taxpayer I.D. Number: 47-0322111

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
COMPANION LIFE INSURANCE COMPANY c/o Mutual of Omaha Insurance Company Mutual of Omaha Plaza Omaha, Nebraska 68175-1011 Attention: 4-Investment Loan Administration	$2,000,000 (Tranche B)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., 6.98% Series 1998 A Senior Notes, Tranche B, due 2008, PPN 913543 A# 1, principal, premium or interest") to:

Chase Manhattan BankABA #021000021
Private Income Processing
For credit to: Companion Life Insurance Company
Account Number 900-9000200
a/c G07903
PPN 913543 A# 1
Interest Amount: 6.98%
Principal Amount: $2,000,000

Notices
Address for all notices in respect of payment of Principal and Interest, Corporate Actions, and Reorganization Notifications:

The Chase Manhattan Bank
4 New York Plaza-13th Floor
New York, New York 10004
Attention: Investment Processing-J. Pipperato
a/c: G07903

All other notices and communications (i.e., Quarterly/Annual reports, Tax filings, Modifications, Waivers regarding the indenture) to be addressed as first provided above.
Name of Nominee in which Notes are to be issued: None
Taxpayer I.D. Number: 13-1595128

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA 730 Third Avenue New York, New York 10017	0	$15,000,000 (Tranche C)

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., 6.98% Series 1998 A Senior Notes, Tranche C, due 2009, PPN 913543 B* 4, principal, premium or interest") to:

Chase Manhattan Bank
ABA #021000021
New York, New York
Account of: Teachers Insurance and Annuity Association of America
Account Number 900-9-000200
For further credit to Account Number G07040
Reference: Universal Forest Products, Inc.
6.98% Series 1998 A Senior Notes, Tranche C, due 2009
PPN 913543 B* 4

Notices
All notices of payment on or in respect of the Notes and written confirmation of each such payment to:

Teachers Insurance and Annuity Association of America
730 Third Avenue
New York, New York 10017-3206
Attention: Securities Accounting Division
Telephone: (212) 916-6004
Fax: (212) 916-6955

All other notices and communications to be addressed to:

TIAA-CREF
730 Third Avenue, 4th Floor
New York, New York 10017-3206
Attention: Securities Division, Archibald Team

Telephone: (212) 916-5781 (Michelle Lee) or
(212) 490-9000 (General Number)
Fax: (212) 916-6582 (Team Fax Number)
Name of Nominee in which Notes are to be issued: None
Taxpayer I.D. Number: 13-1624203

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
THE TRAVELERS LIFE AND ANNUITY COMPANY One Tower Square Hartford, Connecticut 06183-2030 Attention: Securities Department--Private Placements Telecopy: (860) 954-5243	$3,750,000 (Tranche A)	

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., 6.69% Series 1998 A Senior Notes, Tranche A, due 2008, PPN 913543 A@3, principal, premium or interest") to:

The Chase Manhattan Bank, N.A. (ABA #021-000021)
One Chase Manhattan Plaza
New York, New York 10081

for credit to: The Travelers
Consolidated Private Placement Account Number 910-2-587434

Notices
All notices and communications to be addressed as first provided above, except notices with respect to payment and written confirmation of each such payment, to be addressed Attention: Securities Department --Cashier.
Name of Nominee in which Notes are to be issued: TRAL & CO
Taxpayer I.D. Number: 06-0904249

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
THE TRAVELERS INSURANCE COMPANY One Tower Square Hartford, Connecticut 06183-2030 Attention: Securities Department--Private Placements Telecopy: (860) 954-5243	$3,750,000 (Tranche A)	$4,000,000 (Tranche C)

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., __% Series 1998 A Senior Notes, Tranche __, due ____, PPN _____, principal, premium or interest") to:

The Chase Manhattan Bank, N.A. (ABA #021-000021)
One Chase Manhattan Plaza
New York, New York 10081

for credit to: The Travelers
Consolidated Private Placement Account Number 910-2-587434

Notices
All notices and communications to be addressed as first provided above, except notices with respect to payment and written confirmation of each such payment, to be addressed Attention: Securities Department --Cashier.
Name of Nominee in which Notes are to be issued: TRAL & CO
Taxpayer I.D. Number: 06-0566090

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
PROVIDENT MUTUAL LIFE INSURANCE COMPANY P.O. Box 1717 Valley Forge, Pennsylvania 19482-1717 Attention: Securities Investment Department Telefacsimile: (610) 407-1322	$3,500,000 (Two Notes: $2,000,000 and $1,500,000) (Tranche A) $1,000,000 (Tranche B)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc. and as to interest rate, security description, maturity date and PPN, principal, premium or interest") to:

PNC Bank (ABA #031-000-053)
Broad and Chestnut Streets
Philadelphia, Pennsylvania 19101

for credit to: Provident Mutual Life Insurance Co.
Account Number 85-4084-21176

Notices
All notices and communications requiring overnight express delivery service should be addressed to:

1205 Westlakes Drive
Berwyn, PA 19312-2405
Attention: Treasurer

Name of Nominee in which Notes are to be issued: None
Taxpayer I.D. Number: 23-0990450

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
PROVIDENTMUTUAL LIFE AND ANNUITY COMPANY OF AMERICA P.O. Box 1717 Valley Forge, Pennsylvania 19482-1717 Attention: Securities Investment Department Telefacsimile: (610) 407-1322	$1,500,000 (Tranche A)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., 6.69% Series 1998 A Senior Notes, Tranche A, due 2005, PPN 913543 A@ 3, principal, premium or interest") to:

PNC Bank (ABA #031-000-053)
Broad and Chestnut Streets
Philadelphia, Pennsylvania 19101

for credit to: Providentmutual Life and Annuity Company of America
Account Number 85-5075-4911

Notices
All notices and communications requiring overnight express delivery service should be addressed to:

1205 Westlakes Drive
Berwyn, PA 19312-2405
Attention: Treasurer

Name of Nominee in which Notes are to be issued: None
Taxpayer I.D. Number: 23-161-908-2

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
CANADA LIFE INSURANCE COMPANY OF AMERICA c/o The Canada Life Assurance Company Corporate Treasury, SP-11 330 University Avenue Toronto, Ontario, Canada M5G 1R8 Attention: Brian Lynch, Associate Treasurer, U.S. Private Placements	$3,000,000 (Tranche A)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds to:

Chase Manhattan Bank
ABA #021-000-021
Account No. 900-9-000200
Trust Account No. G52709, Canada Life Insurance Company of America
Attention: Ms. Doll Balbadar
reference: name of issuer, rate, maturity date, type of security, whether principal and/or interest and due date.

Notices
All notices and communications to be addressed as first provided above, except notice with respect to payment, and written confirmation of each such payment, to be addressed:

Chase Manhattan Bank
North America Insurance
3 Chase MetroTech Centre - 6th Floor
Brooklyn, New York 11245
Attention: Ms. Doll Balbadar

with a copy to:

The Canada Life Assurance Company
330 University Avenue, SP12
Toronto, Ontario, Canada M5G 1R8
Attention: Supervisor, Securities Accounting

Name of Nominee in which Notes are to be issued: J. Romeo & Co.
Taxpayer I.D. Number: 38-2816473

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
THE CANADA LIFE ASSURANCE COMPANY Corporate Treasury, SP-11 330 University Avenue Toronto, Ontario, Canada M5G 1R8 Attention: Brian Lynch, Associate Treasurer, U.S. Private Placements	$2,000,000 (Tranche A)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds to:

Chase Manhattan Bank
ABA #021-000-021
Account No. 900-9-000200
Trust Account No. G52708, The Canada Life Assurance Company
Attention: Bond Interest
reference: CUSIP, name of issuer, rate, maturity date, type of security, whether principal and/or interest and due date.

Notices
All notices and communications to be addressed as first provided above, except notice with respect to payment, and written confirmation of each such payment, to be addressed:

Chase Manhattan Bank
North America Insurance
3 Chase MetroTech Centre - 6th Floor
Brooklyn, New York 11245
Attention: Ms. Doll Balbadar

with a copy to:

The Canada Life Assurance Company
330 University Avenue, SP12
Toronto, Ontario, Canada M5G 1R8
Attention: Supervisor, Securities Accounting

Name of Nominee in which Notes are to be issued: J. Romeo & Co.
Taxpayer I.D. Number: 38-0397420

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
WOODMEN ACCIDENT AND LIFE COMPANY P.O. Box 82288 Lincoln, Nebraska 68501 Attention: Securities Division Telecopy Number: (402) 437-4392	$2,000,000 (Tranche B)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., 6.98% Series 1998 A Senior Notes, Tranche B, due 2008, PPN 913543 A# 1, principal, premium or interest") to:

U.S. Bank
ABA #104-000-029

for credit to: Woodmen Accident and Life Company
Account Number 1-494-0092-9092

Notices
All notices and communications, including notices with respect to payments and written confirmation of each such payment, to be addressed as first provided above; provided, however, all notices and communications delivered by overnight courier shall be addressed as follows:

Woodmen Accident and Life Company
1526 K Street
Lincoln, Nebraska 68508
Attention: Securities Division

Name of Nominee in which Notes are to be issued: None
Taxpayer I.D. Number: 47-0339220

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
BERKSHIRE LIFE INSURANCE COMPANY 700 South Street Pittsfield, Massachusetts 01201 Attention: Securities Department Telefacsimile: (413) 442-9763 Telephone: (413) 499-4321	$2,000,000 (Tranche A)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., 6.69% Series 1998 A Senior Notes, Tranche A, due 2005, PPN 913543 A@ 3, principal, premium or interest") to:

The Chase Manhattan Bank, N.A.
ABA #021000021

for credit to: Berkshire Life Insurance Company
Account Number 002-4-020877

Notices
All notices and communications, including notices with respect to payments and written confirmation of each such payment, to be addressed as first provided above.

Name of Nominee in which Notes are to be issued: None
Taxpayer I.D. Number: 04-1083480

NAMES AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON FIRST CLOSING DATE	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED ON SECOND CLOSING DATE
THE SECURITY MUTUAL LIFE INSURANCE COMPANY OF LINCOLN, NEBRASKA 200 Centennial Mall North Lincoln, Nebraska 68508	$2,000,000 (Tranche A)	0

Payments
All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying each payment as "Universal Forest Products, Inc., 6.69% Series 1998 A Senior Notes, Tranche A, due 2005, PPN 913543 A@ 3, principal, premium or interest") to:

National Bank of Commerce (ABA #1040-00045)
13th and O Streets
Lincoln, Nebraska

for credit to: Security Mutual Life
Account Number 40-797-624

Notices
All notices and communications to be addressed as first provided above, except notices with respect to payments and written confirmation of each such payment to be addressed:

The Security Mutual Life Insurance Company
of Lincoln, Nebraska
200 Centennial Mall North
Lincoln, Nebraska 68508
Attention: Investment Department
Fax: (402) 434-9599
Phone: (402) 434-9500

Name of Nominee in which Notes are to be issued: None
Taxpayer I.D. Number: 47-0293990

FUNDED DEBT; LIENS SECURING FUNDED DEBT
(INCLUDING CAPITALIZED LEASES); SUBSIDIARIES; AND
RESTRICTED SUBSIDIARIES AS OF THE FIRST AND SECOND CLOSING DATE

See Attached

ENVIRONMENTAL OBLIGATIONS
See Attached

UNIVERSAL FOREST PRODUCTS, INC.

6.69% Series 1998A Senior Note, Tranche A,
Due December 21, 2005

PPN 913543 A@3

No.

December 21, 1998

$

UNIVERSAL FOREST PRODUCTS, INC., a Michigan corporation (the "Company"), for value received, hereby promises to pay to

or registered assigns
on the twenty-first day of December, 2005
the principal amount of

DOLLARS ($)

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of 6.69% per annum from the date hereof until maturity, payable semiannually on the twenty-first day of June and December in each year (commencing on June 21, 1999) and at maturity. The Company agrees to pay interest on overdue principal (including any overdue required or optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest, at the Overdue Rate after the due date, whether by acceleration or otherwise, until paid. "Overdue Rate" shall mean the lesser of (a) the maximum interest rate permitted by law and (b) 8.69% per annum.

Both the principal hereof and interest hereon are payable at the principal office of the Company in Grand Rapids, Michigan in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts. If any amount of principal, premium, if any, or interest on or in respect of this Note becomes due and payable on any date which is not a Business Day, such amount shall be payable on the immediately succeeding Business Day. "Business Day" means any day other than a Saturday, Sunday or other day on which banks in either Grand Rapids, Michigan or New York, New York are required by law to close or are customarily closed.

This Note is one of the 6.69% Series 1998A Senior Notes, Tranche A, due December 21, 2005 of the Company in the aggregate principal amount of $21,500,000, which, together with the 6.98% Series 1998A Senior Notes, Tranche B, due December 21, 2008 of the Company in the

aggregate principal amount of $59,500,000, the 6.98% Series 1998A Senior Notes, Tranche C, due December 21, 2008 of the Company in the aggregate principal amount of $19,000,000 and any Additional Notes are issued or to be issued under and pursuant to the terms and provisions of the separate Note Agreements, each dated as of December 1, 1998 (the "Note Agreements"), entered into by the Company with the original Purchasers therein referred to and any Additional Purchasers of Additional Notes and the holder hereof is entitled equally and ratably with the holders of all other Notes outstanding under the Note Agreements to all the benefits provided for thereby or referred to therein. Reference is hereby made to the Note Agreements for a statement of such rights and benefits.

This Note and the other Notes outstanding under the Note Agreements may be declared due prior to their expressed maturity dates and certain prepayments are required to be made thereon, all in the events, on the terms and in the manner and amounts as provided in the Note Agreements.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the premium, if any, set forth in the Note Agreements.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

THIS NOTE AND SAID NOTE AGREEMENTS ARE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

UNIVERSAL FOREST PRODUCTS, INC.

By

Its

UNIVERSAL FOREST PRODUCTS, INC.
6.98% Series 1998A Senior Note, Tranche B,
Due December 21, 2008

PPN 913543 A# 1

No.

December 21, 1998

$

UNIVERSAL FOREST PRODUCTS, INC., a Michigan corporation (the "Company"), for value received, hereby promises to pay to

or registered assigns
on the twenty-first day of December, 2008
the principal amount of

DOLLARS ($)

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of 6.98% per annum from the date hereof until maturity, payable semiannually on the twenty-first day of June and December in each year (commencing on June 21, 1999) and at maturity. The Company agrees to pay interest on overdue principal (including any overdue required or optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest, at the Overdue Rate after the due date, whether by acceleration or otherwise, until paid. "Overdue Rate" shall mean the lesser of (a) the maximum interest rate permitted by law and (b) 8.98% per annum.

Both the principal hereof and interest hereon are payable at the principal office of the Company in Grand Rapids, Michigan in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts. If any amount of principal, premium, if any, or interest on or in respect of this Note becomes due and payable on any date which is not a Business Day, such amount shall be payable on the immediately succeeding Business Day. "Business Day" means any day other than a Saturday, Sunday or other day on which banks in either Grand Rapids, Michigan or New York, New York are required by law to close or are customarily closed.

This Note is one of the 6.98% Series 1998A Senior Notes, Tranche B, due December 21, 2008 of the Company in the aggregate principal amount of $59,500,000, which, together with the 6.69% Series 1998A Senior Notes, Tranche A, due December 21, 2005 of the Company in the aggregate principal amount of $21,500,000, the 6.98% Series 1998A Senior Notes, Tranche C,

due December 21, 2008 of the Company in the aggregate principal amount of $19,000,000 and any Additional Notes are issued or to be issued under and pursuant to the terms and provisions of the separate Note Agreements, each dated as of December 1, 1998 (the "Note Agreements"), entered into by the Company with the original Purchasers therein referred to and any Additional Purchasers of Additional Notes and the holder hereof is entitled equally and ratably with the holders of all other Notes outstanding under the Note Agreements to all the benefits provided for thereby or referred to therein. Reference is hereby made to the Note Agreements for a statement of such rights and benefits.

This Note and the other Notes outstanding under the Note Agreements may be declared due prior to their expressed maturity dates and certain prepayments are required to be made thereon, all in the events, on the terms and in the manner and amounts as provided in the Note Agreements.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the premium, if any, set forth in the Note Agreements.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

THIS NOTE AND SAID NOTE AGREEMENTS ARE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

UNIVERSAL FOREST PRODUCTS, INC.

By

Its

UNIVERSAL FOREST PRODUCTS, INC.
6.98% Series 1998-A Senior Note, Tranche C,
Due December 21, 2008

PPN 913543 B* 4

No.

February 4, 1999

$

UNIVERSAL FOREST PRODUCTS, INC., a Michigan corporation (the "Company"), for value received, hereby promises to pay to

or registered assigns
on the twenty-first day of December, 2008
the principal amount of

DOLLARS ($)

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of 6.98% per annum from the date hereof until maturity, payable semiannually on the twenty-first day of June and December in each year (commencing on June 21, 1999) and at maturity. The Company agrees to pay interest on overdue principal (including any overdue required or optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest, at the Overdue Rate after the due date, whether by acceleration or otherwise, until paid. "Overdue Rate" shall mean the lesser of (a) the maximum interest rate permitted by law and (b) 8.98% per annum.

Both the principal hereof and interest hereon are payable at the principal office of the Company in Grand Rapids, Michigan in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts. If any amount of principal, premium, if any, or interest on or in respect of this Note becomes due and payable on any date which is not a Business Day, such amount shall be payable on the immediately succeeding Business Day. "Business Day" means any day other than a Saturday, Sunday or other day on which banks in either Grand Rapids, Michigan or New York, New York are required by law to close or are customarily closed.

This Note is one of the 6.98% Series 1998-A Senior Notes, Tranche C, due December 21, 2008 of the Company in the aggregate principal amount of $19,000,000, which together with the 6.69% Series 1998-A Senior Notes, Tranche A, due December 21, 2005 of the Company in the aggregate principal amount of $21,500,000, the 6.98% Series 1998-A Senior Notes, Tranche B,

due December 21, 2008 of the Company in the aggregate principal amount of $59,500,000 and any Additional Notes are issued or to be issued under and pursuant to the terms and provisions of the separate Note Agreements, each dated as of December 1, 1998 (the "Note Agreements"), entered into by the Company with the original Purchasers therein referred to and any Additional Purchasers of Additional Notes and the holder hereof is entitled equally and ratably with the holders of all other Notes outstanding under the Note Agreements to all the benefits provided for thereby or referred to therein. Reference is hereby made to the Note Agreements for a statement of such rights and benefits.

This Note and the other Notes outstanding under the Note Agreements may be declared due prior to their expressed maturity dates and certain prepayments are required to be made thereon, all in the events, on the terms and in the manner and amounts as provided in the Note Agreements.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the premium, if any, set forth in the Note Agreements.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

THIS NOTE AND SAID NOTE AGREEMENTS ARE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

UNIVERSAL FOREST PRODUCTS, INC.

By

Its

[FORM OF INITIAL SUBSIDIARY NOTE GUARANTY]

[INTERCREDITOR AGREEMENT]

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to you as follows:

1. Subsidiaries. Schedule II attached to the Agreements correctly states the name of each of the Company's Subsidiaries, its jurisdiction of incorporation, the percentage of its Voting Stock owned by the Company and/or its Subsidiaries and whether each such Subsidiary is a Restricted Subsidiary or an Unrestricted Subsidiary. The Company and each Restricted Subsidiary has good and marketable title to all of the shares it purports to own of the stock of each Restricted Subsidiary, free and clear in each case of any Lien. All such shares have been duly issued and are fully paid and non-assessable.

2. Corporate Organization and Authority. The Company, and each Restricted Subsidiary,

(a) is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation;

(b) has all requisite power and authority and all licenses and permits to own and operate its properties and to carry on its business as now conducted and as presently proposed to be conducted, except for any license or permit the failure of which to have would not materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of the Company or of the Company and its Restricted Subsidiaries, taken as a whole; and

(c) is duly licensed or qualified and is in good standing as a foreign corporation in each jurisdiction wherein the nature of the business transacted by it or the nature of the property owned or leased by it makes such licensing or qualification necessary.

3. Business and Property. You have heretofore been furnished with a copy of the Offering Materials (as defined in the Agreements and herein referred to as the "Offering Materials") delivered to you by NationsBank Montgomery Securities, LLC which generally sets forth the business conducted and proposed to be conducted by the Company and its Subsidiaries and the principal properties of the Company and its Subsidiaries.

4. Financial Statements. (a) The consolidated balance sheets of the Company and its consolidated Subsidiaries as of December 25, 1993, December 31, 1994, December 30, 1995, December 28, 1996 and December 27, 1997 and the statements of earnings, shareholders' equity and cash flows for the fiscal years ended on said dates, each accompanied by a report thereon containing an opinion unqualified as to scope limitations imposed by the Company and otherwise without qualification except as therein noted, by Deloitte & Touche, have been prepared in accordance with GAAP consistently applied except as therein noted, are correct and complete and present fairly the financial position of the Company and its consolidated Subsidiaries as of such dates and the results of their operations and changes in their cash flows for such periods.

(b) Since December 27, 1997, there has been no change in the condition, financial or otherwise, of the Company and its consolidated Subsidiaries as shown on the consolidated balance sheet as of such date except changes in the ordinary course of business, none of which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

5. Indebtedness. Schedule II attached to the Agreements correctly describes all Current Debt, Funded Debt, Capitalized Leases and Attributable Indebtedness of Sale and Leaseback Transactions of the Company and its Restricted Subsidiaries outstanding on the first and second

Closing Date.

6. Full Disclosure. Neither the financial statements referred to in paragraph 4 hereof nor the Agreements, the Offering Materials or any other written statement furnished by the Company to you in connection with the negotiation of the sale of the Notes, contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein or herein not misleading. There is no fact peculiar to the Company or its Restricted Subsidiaries which the Company has not disclosed to you in writing which materially affects adversely nor, so far as the Company can now foresee, will materially affect adversely the properties, business, prospects, profits or condition (financial or otherwise) of the Company and its Restricted Subsidiaries, taken as a whole.

7. Pending Litigation. There are no proceedings pending or, to the knowledge of the Company after due inquiry, threatened against or affecting the Company or any Restricted Subsidiary in any court or before any governmental authority or arbitration board or tribunal which could reasonably be expected to have a Material Adverse Effect.

8. Title to Properties. The Company and each Restricted Subsidiary has good and marketable title in fee simple (or its equivalent under applicable law) to all material parcels of real property and has good title to all the other material items of property it purports to own, including that reflected in the most recent balance sheet referred to in paragraph 4 hereof, except as sold or otherwise disposed of in the ordinary course of business and except for Liens permitted by the Agreements.

9. Patents and Trademarks. The Company and each Restricted Subsidiary owns or possesses all patents, trademarks, trade names, service marks, copyright, licenses and rights with respect to the foregoing necessary for the present and planned future conduct of its business, without any known conflict with the rights of others.

10. Sale is Legal and Authorized. The sale of the Notes and compliance by the Company with all of the provisions of the Agreements (including any Supplement) and the Notes:

(a) are within the corporate powers of the Company;

(b) will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under the Articles of Incorporation or Bylaws of the Company or any indenture or other material agreement or instrument to which the Company is a party or by which it may be bound or result in the imposition of any Liens or encumbrances on any property of the Company; and

(c) have been duly authorized by proper corporate action on the part of the Company (no action by the stockholders of the Company being required by law, by the Articles of Incorporation or Bylaws of the Company or otherwise), executed and delivered by the Company and the Agreements and the Notes constitute the legal, valid and binding obligations, contracts and agreements of the Company enforceable in accordance with their respective terms.

11. No Defaults. No Default or Event of Default has occurred and is continuing. The Company is not in default in the payment of principal or interest on any Indebtedness for borrowed money and is not in default under any instrument or instruments or agreements under and subject to which any Indebtedness for borrowed money has been issued and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

12. Governmental Consent. No approval, consent or withholding of objection on the part of any regulatory body, state, Federal or local, is necessary in connection with the execution and delivery by the Company of the Agreements or the issuance, sale or delivery of the Notes or compliance by the Company with any of the provisions of the Agreements or the Notes.

13. Taxes. All tax returns required to be filed by the Company or any Restricted Subsidiary in any jurisdiction have, in fact, been filed, and all taxes, assessments, fees and other governmental charges upon the Company or any Restricted Subsidiary or upon any of their respective properties, income or franchises, which are shown to be due and payable in such returns have been paid. For all taxable years ending on or before December 31, 1993, the Federal income tax liability of the Company and its Restricted Subsidiaries has been satisfied and either the period of limitations on assessment of additional Federal income tax has expired or the Company and its Restricted Subsidiaries have entered into an agreement with the Internal Revenue Service closing conclusively the total tax liability for the taxable year. The Company does not know of any proposed additional tax assessment against it for which adequate provision has not been made on its accounts, and no material controversy in respect of additional Federal or state income taxes due since said date is pending or to the knowledge of the Company threatened. The provisions for taxes on the books of the Company and each Restricted Subsidiary are adequate for all open years, and for its current fiscal period.

14. Use of Proceeds. The net proceeds from the sale of the Notes will be used for general corporate purposes including to repay existing Indebtedness of the Company and its Subsidiaries. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Company and its Restricted Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5% of the value of such assets. As used in this Paragraph 14, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

15. Private Offering. Neither the Company, directly or indirectly, nor any agent on its behalf has offered or will offer the Notes or any similar Security or has solicited or will solicit an offer to acquire the Notes or any similar Security from or has otherwise approached or negotiated or will approach or negotiate in respect of the Notes or any similar Security with any Person other than the Purchasers and not more than 52 other institutional investors, each of whom was offered a portion of the Notes at private sale for investment. Neither the Company, directly or indirectly, nor any agent on its behalf has offered or will offer the Notes or any similar Security or has solicited or will solicit an offer to acquire the Notes or any similar Security from any Person so as to bring the issuance and sale of the Notes within the provisions of Section 5 of the Securities Act of 1933, as amended.

16. ERISA. (a) The Company and each ERISA Affiliate (i) have operated and administered each of its plans in compliance with all applicable laws, except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, and (ii)

has not incurred any Material liability, nor has any event, transaction or condition occurred or exists that would reasonably be expected to result in the incurrence of any such Material liability or the imposition of any Material Lien, pursuant to Title I or IV of ERISA or pursuant to penalty or excise tax provisions of the Code relating to employee benefit plans or to Section 401(a)(29) or 412 of the Code.

(b) The present value of the aggregate benefit liabilities under each of its plans (other than multiemployer plans), determined as of the end of such plan's most recently ended plan year, did not exceed the aggregate current value of the assets of such plan allocable to such benefit liabilities, or such deficit, if any, did not exceed 5% of Adjusted Consolidated Net Worth. The term "benefit liabilities" has the meaning specified in Section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in Section 3 of ERISA.

(c) The Company currently does not have any Multiemployer plans.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by Section 4980B of the Code) of the Company and its Subsidiaries is not Material or has otherwise been disclosed in the most recent audited consolidated financial statements of the Company and its Subsidiaries.

(e) The execution and delivery of the Note Agreement and the issuance and sale of the Notes will not involve any transaction that is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax could be imposed pursuant to Section 4975(c)(1)(A)-(D) of the Code which in either event could reasonably be expected to result in a Material Adverse Effect. The representation is made in reliance upon and subject to the accuracy of the representation as to the sources of the funds used to pay the purchase price of the Notes to be purchased.

17. Compliance with Law. Neither the Company nor any Restricted Subsidiary (1) is in violation of any law, ordinance, franchise, governmental rule or regulation to which it is subject; or (2) has failed to obtain any license, permit, franchise or other governmental authorization necessary to the ownership of its property or to the conduct of its business, which violation or failure to obtain could reasonably be expected to have a Material Adverse Effect or impair the ability of the Company to perform its obligations contained in the Agreement (including any Supplement) or the Notes. Neither the Company nor any Restricted Subsidiary is in default with respect to any order of any court or governmental authority or arbitration board or tribunal.

18. Investment Company Act. The Company is not, and is not directly or indirectly controlled by or acting on behalf of any Person which is, required to register as an "investment company" under the Investment Company Act of 1940, as amended.

19. Foreign Assets Control Regulations, etc. Neither the Company nor any of the Company's Restricted Subsidiaries or Affiliates is, by reason of being a "national" of "designated foreign country" or a "specially designated national" within the meaning of the Regulations of the Office of Foreign Assets Control, United States Treasury Department (31 C.F.R., Subtitle B, Chapter V), or for any other reason, subject to any restriction or prohibition under, or is in violation of, any Federal statue or Presidential Executive Order, or any rules or regulations of any department, agency or administrative body promulgated under any such statute or order, concerning trade or other relations with any foreign country or any citizen or national thereof or the ownership or operation of any property.

20. Environmental Matters. To the best of the Company's knowledge, the following

clauses (a) through (f) are true and correct, except for any of such matters which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect:

(a) the Company, each Restricted Subsidiary, and the properties each owns or operates comply in all material respects with every applicable Environmental Law;

(b) the Company and each Restricted Subsidiary has obtained all permits, licenses and other governmental approvals required by every applicable Environmental Law for its operations and the properties it owns or operates;

(c) no Hazardous Substance has been released or disposed at any property currently owned or operated or while previously owned or operated by the Company or any Restricted Subsidiary;

(d) except as set forth on Schedule III, neither the Company nor any Restricted Subsidiary has any liability for removal, remedial, response or corrective action, natural resource damage or other harm pursuant to any applicable Environmental Law, either with respect to properties currently or previously owned or operated by the Company and its Subsidiaries;

(e) neither the Company nor any Restricted Subsidiary is subject to, has notice or knowledge of or is required to give any notice of any claim, demand, action, lawsuit or legal proceeding pursuant to any applicable Environmental Law in connection with the operations of or the properties owned by the Company or any Restricted Subsidiary; and

(f) there is no legal or regulatory proceeding pending or applicable Environmental Law which would be expected to prohibit or materially reduce the use of chromated copper arsenate ("CCA") or any other wood preservative by the Company or any Restricted Subsidiary.

21. Year 2000. The Company and its Restricted Subsidiaries have implemented measures to have all critical business systems Year 2000 compliant in a timely manner and the advent of the Year 2000 and its impact on such business systems is not expected to have a Material Adverse Effect.

DESCRIPTION OF SPECIAL COUNSEL'S CLOSING OPINION

The closing opinion of Chapman and Cutler, special counsel to the Purchasers, called for by Section 4.1 of the Note Agreements, shall be dated the Closing Date and addressed to the Purchasers, shall be satisfactory in form and substance to the Purchasers and shall be to the effect that:

1. The Company is a corporation, validly existing and in good standing under the laws of the State of Michigan and has the corporate power and the corporate authority to execute and deliver the Note Agreements and to issue the Notes.

2. The Note Agreements have been duly authorized by all necessary corporate action on the part of the Company, have been duly executed and delivered by the Company and constitute the legal, valid and binding contracts of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

3. The Notes have been duly authorized by all necessary corporate action on the part of the Company, have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

4. The issuance and sale of the Notes and the execution and delivery by the Company of the Note Agreements do not conflict with or result in any breach of any of the provisions of the Articles of Incorporation or By-laws of the Company.

5. The issuance, sale and delivery of the Notes under the circumstances contemplated by the Note Agreements does not, under existing law, require the registration of the Notes under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended.

The opinion of Chapman and Cutler shall also state that the opinion of Varnum, Riddering, Schmidt & Howlett is satisfactory in scope and form to Chapman and Cutler and that, in their opinion, the Purchasers are justified in relying thereon.

In rendering the opinion set forth in paragraph 1 above, Chapman and Cutler may rely solely upon an examination of the Articles of Incorporation certified by, and a certificate of good standing of the Company from, the Department of Commerce of the State of Michigan, the By-laws of the Company and the general business corporation law of the State of Michigan. The opinion of Chapman and Cutler is limited to the laws of the State of New York, the general business corporation law of the State of Michigan and the Federal laws of the United States.

With respect to matters of fact upon which such opinion is based, Chapman and Cutler may rely on appropriate certificates of public officials and officers of the Company.

DESCRIPTION OF CLOSING OPINION OF COUNSEL TO THE COMPANY

The closing opinion of Varnum, Riddering, Schmidt & Howlett, counsel for the Company, which is called for by Section 4.1 of the Note Agreements, shall be dated the Closing Date and addressed to the Purchasers, shall be satisfactory in scope and form to the Purchasers and shall be to the effect that:

1. The Company is a corporation, duly incorporated, validly existing and in good standing under the laws of the State of Michigan, has the corporate power and the corporate authority to execute and perform the Note Agreements and to issue the Notes and has the full corporate power and the corporate authority to conduct the activities in which it is now engaged and is duly licensed or qualified and is in good standing as a foreign corporation in each jurisdiction in which the character of the properties owned or leased by it or the nature of the business transacted by it makes such licensing or qualification necessary.

2. Each Restricted Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and is duly licensed or qualified and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or the nature of the business transacted by it makes such licensing or qualification necessary and all of the issued and outstanding shares of capital stock of each such Restricted Subsidiary have been duly issued, are fully paid and non-assessable and are owned by the Company, by one or more Subsidiaries, or by the Company and one or more Subsidiaries.

3. Each Note Agreement has been duly authorized by all necessary corporate action on the part of the Company, has been duly executed and delivered by the Company and constitutes the legal, valid and binding contract of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

4. The Notes have been duly authorized by all necessary corporate action on the part of the Company, have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

5. The Guaranties have been duly authorized by all necessary corporate action on the part of the each Restricted Subsidiary party thereto, have been duly executed and delivered by the party thereto and constitute the legal, valid and binding obligations of the party thereto, enforceable in accordance their terms, subject to bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the applications of such principles is considered in a proceeding in equity or at law).

6. No approval, consent or withholding of objection on the part of, or filing,

registration or qualification with, any governmental body, Federal, state or local, is necessary in connection with the execution, delivery and performance of the Note Agreements or the Notes.

7. No approval, consent or withholding of objection on the part of, or filing, registration or qualification with, any governmental body, Federal, state or local, is necessary in connection with the execution, delivery and performance of the Restricted Subsidiary Note Guaranties.

8. The issuance and sale of the Notes and the execution, delivery and performance by the Company of the Note Agreements do not conflict with or result in any breach of any of the provisions of or constitute a default under or result in the creation or imposition of any Lien upon any of the property of the Company pursuant to the provisions of the Articles of Incorporation or By-laws of the Company or any agreement or other instrument known to such counsel to which the Company is a party or by which the Company may be bound.

9. The execution, delivery and performance by each Restricted Subsidiary delivering a Restricted Subsidiary Note Guaranty does not conflict with or result in any breach of any of the provisions of or constitute a default under or result in the creation or imposition of any Lien upon any of the property of such Restricted Subsidiary pursuant to the provisions of the Articles of Incorporation or Bylaws of such Restricted Subsidiary or any agreement or other instrument known to such counsel to which such Restricted Subsidiary is a party by which such Restricted Subsidiary may be bound.

10. The issuance, sale and delivery of the Notes under the circumstances contemplated by the Note Agreements does not, under existing law, require the registration of the Notes under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended.

11. The issuance of the Notes and the use of the proceeds of the sale of the Notes in accordance with the provisions of and contemplated by the Note Agreements do not violate or conflict with Regulation T, U or X of the Board of Governors of the Federal Reserve System.

12. There is no litigation pending or, to the best knowledge of counsel, threatened which in counsel's opinion could reasonably be expected to have a materially adverse effect on the Company's business or assets or which would impair the ability of the Company to issue and deliver the Notes or to comply with the provisions of the Note Agreements.

The opinion of Varnum, Riddering, Schmidt & Howlett shall cover such other matters relating to the sale of the Notes as the Purchasers may reasonably request. With respect to matters of fact on which such opinion is based, such counsel shall be entitled to rely on appropriate certificates of public officials and officers of the Company.

SUPPLEMENT TO NOTE PURCHASE AGREEMENT

Dated as of

,

To the Purchaser(s) named in
Schedule I hereto

Ladies and Gentlemen:

This [Number] Supplement to Note Purchase Agreement (the "Supplement") is between Universal Forest Products, Inc. (the "Company") whose address is 2801 East Beltline, N.E. Grand Rapids, Michigan 49525 and the institutional investors named on Schedule I attached hereto (the "Purchasers").

Reference is hereby made to the separate and several Note Purchase Agreements dated as of December 1, 1998 (the "Note Agreements") between the Company and the purchasers listed on Schedule I thereto. All capitalized terms not otherwise defined herein shall have the same meaning as specified in the Note Agreements. Reference is further made to Section 4.3 thereof which requires that, prior to the delivery of any Additional Notes, the Company and each Additional Purchaser shall execute and deliver a Supplement.

The Company hereby agrees with the Purchaser(s) named on Schedule I hereto as follows: 1. The Company has authorized the issue and sale of $ aggregate principal amount of its % Series Senior Notes, due , (the "Series Notes"). The Series Notes, together with the Series 1998A Notes initially issued pursuant to the Note Agreements and each series of Additional Notes which may from time to time be issued pursuant to the provisions of Section 1.4 of the Note Agreements, are collectively referred to as the "Notes" (such term shall also include any such notes issued in substitution therefor pursuant to Section 9.2 of the Note Agreement). The Series Notes shall be substantially in the form attached hereto as Exhibit 1 with such changes therefrom, if any, as may be approved by the Purchaser(s) and the Company.

2. Subject to the terms and conditions hereof and as set forth in the Note Agreements and on the basis of the representations and warranties hereinafter set forth, the Company agrees to issue and sell to each Purchaser, and each Purchaser agrees to purchase from the Company, Series Notes in the principal amount [and of the tranche] set forth opposite such Purchaser's name on Schedule I hereto at a price of 100% of the principal amount thereof on the Closing Date hereafter mentioned.

3. Delivery of the $ in aggregate principal amount of the Series Notes will be made at the offices of , , , against payment therefor in Federal Reserve or other funds current and immediately available at the principal office of NBD Bank, Chicago, Illinois in the amount of the purchase price at 10:00 A.M., Chicago time, on , or such later date (not later than ,) as shall mutually be agreed upon by the Company and the Purchasers of the Series Notes (the "Closing Date").

4. [Here insert prepayment provisions (including any applicable premium upon default

and acceleration), closing conditions and representations and warranties applicable to Series Notes].

5. The Purchaser represents and warrants that the representations and warranties set forth in Section 3.2 of the Note Agreements are true and correct on the date hereof with respect to the Series Notes.

6. The Company and each Purchaser agree to be bound by and comply with the terms and provisions of the Note Agreements as if such Purchaser were an original signatory to the Note Agreements.

The execution hereof shall constitute a contract between the Company and the Purchaser(s) for the uses and purposes hereinabove set forth, and this agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

UNIVERSAL FOREST PRODUCTS, INC.

By

Printed Name:

Its:

Accepted as of ,

[VARIATION]

By

Printed Name:

Its:

INFORMATION RELATING TO PURCHASERS

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES NOTES TO BE PURCHASED
[NAME OF PURCHASER]	$

(1) All payments by wire transfer of immediately available funds to:

with sufficient information to identify the source and application of such funds.

(2) All notices of payments and written confirmations of such wire transfers:

(3) All other communications:

FORM OF SERIES NOTE

% Series Note, Tranche ,
Due PPN

No.
$

UNIVERSAL FOREST PRODUCTS, INC., a Michigan corporation (the "Company"), for value received, hereby promises to pay to

or registered assigns
on the day of
the principal amount of

DOLLARS ($)

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of % per annum from the date hereof until maturity, payable on the day of and in each year (commencing on) and at maturity. The Company agrees to pay interest on overdue principal (including any overdue required or optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest, at the Overdue Rate after the due date, whether by acceleration or otherwise, until paid. "Overdue Rate" shall mean the lesser of (a) the maximum interest rate permitted by law and (b) % per annum.

Both the principal hereof and interest hereon are payable at the principal office of the Company in Grand Rapids, Michigan in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts. If any amount of principal, premium, if any, or interest on or in respect of this Note becomes due and payable on any date which is not a Business Day, such amount shall be payable on the immediately succeeding Business Day. "Business Day" means any day other than a Saturday, Sunday or other day on which banks in either Grand Rapids, Michigan or New York, New York are required by law to close or are customarily closed.

This Note is one of the % Series Notes, Tranche , due of the Company in the aggregate principal amount of $, which, together with the 6.69% Series 1998A Senior Notes, Tranche A, due December 21, 2005 of the Company in the aggregate principal amount of $21,500,000, the 6.98% Series 1998A Senior Notes, Tranche B, due December 21, 2008 of the Company in the aggregate principal amount of $59,500,000 the 6.98%

Series 1998A Senior Notes, Tranche C, due December 21, 2008 of the Company in the aggregate principal amount of $19,000,000 and any Additional Notes are issued or to be issued under and pursuant to the terms and provisions of the separate Note Agreements, each dated as of December 1, 1998 (the "Note Agreements"), entered into by the Company with the original Purchasers therein referred to and any Additional Purchasers of Additional Notes and the holder hereof is entitled equally and ratably with the holders of all other Notes outstanding under the Note Agreements to all the benefits provided for thereby or referred to therein. Reference is hereby made to the Note Agreements for a statement of such rights and benefits.

This Note and the other Notes outstanding under the Note Agreements may be declared due prior to their expressed maturity dates and certain prepayments are required to be made thereon, all in the events, on the terms and in the manner and amounts as provided in the Note Agreements.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the premium, if any, set forth in the Note Agreements.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

THIS NOTE AND SAID NOTE AGREEMENTS ARE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

UNIVERSAL FOREST PRODUCTS, INC.

By

Its

UNIVERSAL FOREST PRODUCTS, INC.
FINANCIAL INFORMATION

Table of Contents

FIVE YEAR SUMMARY OF
SELECTED FINANCIAL DATA

(In thousands except per share and statistics data.)

	1998	1997	1996	1995	1994
CONSOLIDATED STATEMENT OF EARNINGS DATA(1)					
Net sales	$1,238,907	$1,066,300	$891,230	$754,466	$881,406
Gross profit(2)	149,214	95,478	89,714	75,502	70,271
Earnings before income taxes	43,034	25,982	29,803	23,951	18,950
Net earnings	26,419	16,957	17,832	14,388	11,450
Diluted earnings per share	$1.280	$0.930	$0.980	$0.800	$0.640
Dividends per share	$0.070	$0.065	$0.060	$0.105	$0.050
Weighted average shares outstanding with common stock equivalent	20,613	18,234	18,121	18,047	18,022
CONSOLIDATED BALANCE SHEET DATA(1)					
Working capital	$ 99,859	$ 89,783	$ 90,639	$ 83,533	$ 78,878
Total assets	420,070	229,383	198,866	180,791	172,034
Long-term debt and capital lease obligations	141,880	49,977	55,854	59,209	64,037
Shareholders' equity	191,583	115,898	100,815	84,597	72,888
STATISTICS(1)					
Gross profit as a percentage of net sales	12.0%	9.0%	10.1%	10.0%	7.9%
Net earnings as a percentage of net sales	2.1%	1.6%	2.0%	1.9%	1.3%
Return on beginning equity	22.8%	16.8%	21.0%	19.7%	18.2%
Current ratio	2.22	2.32	3.30	3.38	3.13
Debt to equity ratio	.74	.43	.55	.70	.88
Book value per common share	$ 9.29	$ 6.65	$ 5.82	$ 4.89	$ 4.23

(1) The financial data for 1994 through 1996 was restated to include the results of Consolidated Building Components, Inc. ("CBC"). CBC merged with a subsidiary of the Company on December 22, 1997, and was accounted for as a pooling of interests.

(2) In 1995, the Company reclassified delivery expense to include it as a component of cost of goods sold and gross profit. For comparability, gross profit for 1994 was restated to include delivery expense.

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

RISK FACTORS

Included in this report are certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are based on the beliefs of management of Universal Forest Products, Inc. (the "Company") as well as on assumptions made by and information currently available to the Company at the time such statements were made. Actual results could differ materially from those included in such forward-looking statements as a result of, among other things, the factors set forth below, the matters included in this report generally, and certain economic and business factors, some of which may be beyond the control of the Company. Investors are cautioned that all forward-looking statements involve risks and uncertainty.

Lumber Market Volatility:

The Company experiences significant fluctuations in the cost of lumber products from primary producers. A variety of factors over which the Company has no control, including government regulations, environmental regulations, weather conditions, economic conditions, and natural disasters, impact the cost of lumber products and the Company's selling prices. While the Company attempts to minimize its risk from severe price fluctuations, substantial, prolonged trends in lumber prices can affect the Company's financial results. The Company anticipates that these fluctuations will continue in the future.

Competition:

The Company is subject to competitive selling and pricing pressures in its major markets. While the Company is generally aware of its existing competitors' capabilities, it is subject to entry in its markets by new competitors, which could negatively impact financial results.

Market Growth:

The Company's sales growth is dependent, in part, upon growth within the markets it serves. If the Company's markets do not achieve anticipated growth, or if the Company fails to maintain its market share, financial results could be impaired.

Economic Trends:

As a result of its recent business combinations in the site-built construction market, management believes the Company's ability to achieve growth in sales and margins has become more dependent on general economic conditions, such as interest rates, housing starts and unemployment levels. To

the extent these conditions change significantly in the future, the Company's financial results could be impacted.

Business Combinations:

The Company has completed several business combinations within the past eighteen months and plans to continue its acquisition activity in the immediate future in order to achieve certain strategic objectives. There are many inherent risks associated with business combinations, including assimilation and successfully managing growth. While the Company conducts extensive due diligence and has taken steps to ensure successful assimilation, factors beyond the Company's control could influence the results of these acquisitions.

Government Regulations:

The Company is subject to a substantial amount of existing government regulations which create a burden on the Company. Should the Company become subject to additional laws and regulations enacted in the future, or changes in interpretation of existing laws, it could have an adverse affect on the Company's financial results.

Seasonality:

The majority of the Company's products are used in outdoor construction activities, therefore its sales volumes and profits can be negatively affected by adverse weather conditions in certain geographic markets. In addition, adverse weather conditions in certain regions can negatively impact the Company's operations and consequently its productivity and costs per unit.

Please recognize the above risk factors when reviewing the Company's business prospects.

FLUCTUATIONS IN LUMBER PRICES

The following table presents the Random Lengths framing lumber composite price for the years ended December 26, 1998, December 27, 1997 and December 28, 1996:

	RANDOM LENGTHS AVERAGE $/MBF		
	1998	1997	1996
January	$360	$436	$329
February	375	444	347
March	369	433	353
April	369	457	374
May	331	444	420
June	332	430	409
July	345	429	402
August	355	413	443

September	328	393	443
October	329	378	421
November	340	379	459
December	348	370	428
Annual average	349	$417	$402
Annual percentage change	(16.3%)	3.7%	19.3%

The Random Lengths composite price is a weighted average of nine key framing lumber prices chosen from major producing areas and species. The composite price is designed as a broad measure of price movement in the commodity lumber market ("Lumber Market").

Management believes the overall decline in the Lumber Market in 1998 can be attributed to the following factors, which have caused an over-supply of lumber in North America.

- - Global economic conditions have resulted in fewer exports of North American lumber. In addition, the United States is a preferred market for lumber exported from other countries due to its strong economy.
- - Greater production efficiencies and increased capacity of sawmills.
- - The emergence and growing acceptance of substitute products for solid-sawn lumber in building applications. For example, wood I-joists are increasingly used in place of certain sizes of lumber.

SEASONALITY

The Company's business is seasonal in nature and results of operations vary from quarter to quarter. Demand for the Company's treated lumber and outdoor specialty products, such as fencing, decking and lattice, experience the greatest seasonal effects. Sales of treated lumber also experience the greatest Lumber Market risk. Sales of treated lumber are generally at their highest levels between the months of April through August. This sales peak, combined with capacity constraints in the wood treatment process, requires the Company to build its inventory of treated lumber throughout the winter and spring. Since sales prices of treated lumber products are generally indexed to the Lumber Market at the time they are shipped, the Company's profits can be negatively affected by prolonged declines in the Lumber Market during its primary selling season. To mitigate this risk, supply programs are maintained with vendors that are intended to decrease the Company's exposure. These programs include those materials which are most susceptible to adverse changes in the Lumber Market, and also allow the Company to carry a lower investment in inventories.

BUSINESS COMBINATIONS

In 1997, the Company established strategic objectives which include being the largest manufacturer of engineered trusses, wall panels and I-joists for conventional site-built construction, a new market for the Company, and specialty wood packaging for industrial users. In line with this strategy, the Company completed the following mergers and acquisitions in 1997 and 1998:

- On December 22, 1997, a subsidiary of the Company completed a merger with Consolidated Building Components, Inc. ("CBC"), a manufacturer of engineered trusses, wall panels and other products for commercial and residential builders and producers of manufactured homes. CBC operates two plants in Northwest Pennsylvania. The Company issued approximately 398,000 shares of its common stock in exchange for all of the stock of CBC. This transaction has been accounted for as a pooling of interests; therefore, financial statements for 1996 and prior years were restated to reflect this merger. CBC had net sales in fiscal 1997 totaling $24 million.
- On December 29, 1997, a partnership of the Company acquired substantially all of the assets of Structural Lumber Products, Inc. ("SLP"), a manufacturer of engineered trusses and wall panels for residential builders. SLP operates plants in San Antonio, Austin and Dallas, Texas. The total purchase price of the transaction was $18.5 million. SLP had net sales in fiscal 1997 totaling $22 million.
- On March 30, 1998, a subsidiary of the company acquired 100% of the outstanding shares of privately held Shoffner Industries, Inc. ("Shoffner") in exchange for $41.1 million in cash and 3 million shares of the Company's common stock. Shoffner is a manufacturer of engineered trusses for commercial and residential builders and had 14 facilities in 7 states at the time of the acquisition. Shoffner had net sales in fiscal 1997 totaling $90 million.
- On April 14, 1998, a subsidiary of the Company acquired substantially all of the assets and assumed certain liabilities of Atlantic General Packaging, Inc. ("AGP"), a manufacturer of specialty wood packaging products. AGP operates one facility in Warrenton, North Carolina. The total purchase price for the net assets of AGP was comprised of cash totaling approximately $1.0 million, a note payable of $857,000, and 57,950 shares of the Company's common stock. AGP had net sales in fiscal 1997 totaling $4 million.
- On April 20, 1998, a subsidiary of the Company acquired substantially all of the assets and assumed certain liabilities of Advanced Component Systems, Inc. ("ACS"), a manufacturer of engineered trusses for commercial and residential builders. ACS operates one facility in Lafayette, Colorado. The total purchase price of ACS was $27 million. ACS had net sales in fiscal 1997 totaling $39 million.
- On June 4, 1998, a subsidiary of the Company acquired substantially all of the assets of Industrial Lumber Company, Inc. ("ILC"), a distributor of low grade cut lumber for packaging. The total purchase price for the net assets of ILC was comprised of cash totaling approximately $3.0 million and notes payable totaling $2.2 million. ILC had net sales in fiscal 1997 totaling $15 million.
- On November 4, 1998, a subsidiary of the Company acquired 59% of the outstanding shares of Nascor, Inc. ("Nascor"), located in Calgary, Alberta. Nascor manufactures engineered trusses, I- joists and pre-insulated wall panels for commercial and residential builders. In addition, Nascor conducts licensing activities associated with its I-joist technology. The total purchase price for the shares was $2.8 million in cash. Nascor had sales and licensing revenues totaling $13 million in 1998.
- On December 18, 1998, a subsidiary of the Company acquired 45% of the outstanding shares of Pino Exporta S.A. de C.V., which subsequently changed its name to Pinelli Universal S. de R.L. de C.V. ("Pinelli"). Pinelli is located in Durango, Mexico, where it manufactures moulding and millwork products for customers in the United States. The total purchase price for the minority interest was $3.0 million in cash. In addition, the Company will provide a revolving credit facility to Pinelli totaling up to $5.0 million. The Company advanced $3.2 million on December 18, 1998.

Pinelli generated annual sales of $25 million in 1998. The Company has accounted for this investment using the equity method.

RESULTS OF OPERATIONS

The following table presents, for the periods indicated, the components of the Company's Consolidated Statements of Earnings as a percentage of net sales, including reorganization and other costs recognized in 1997.

	YEARS ENDED		
	DECEMBER 26, 1998	DECEMBER 27, 1997	DECEMBER 28, 1996
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	88.0	91.0	89.9
Gross profit	12.0	9.0	10.1
Selling, general, and administrative expenses	7.8	6.0	6.4
Reorganization costs		0.2	
Earnings from operations	4.2	2.8	3.7
Other expense, net	0.7	0.4	0.3
Earnings before income taxes	3.5	2.4	3.4
Income taxes	1.4	0.8	1.4
Net earnings	2.1%	1.6%	2.0%

REORGANIZATION AND OTHER COSTS

In the fourth quarter of 1997, the Company announced a plan to reorganize its operating structure and recorded a charge to earnings totaling $1.7 million. In connection with this plan, the Company completed the following activities in 1998:

- - Consolidated the management of its operating companies from five regional companies down to two integrated divisions.
- - Consolidated its regional purchasing operations from five offices down to two.
- - Commenced the consolidation of its Southern California operations from two plants down to one.
- - Discontinued its treating operations in North East, Maryland.
- - Discontinued manufacturing and/or selling certain products and product lines.

Management believes the reorganization will allow the Company to be more efficient in its procurement of raw materials, improve the utilization of its assets, and take advantage of its national presence to create new business opportunities with national customers and vendors.

In addition to reorganization costs, the Company incurred other costs totaling $1.6 million related to writing down inventory of an unprofitable product line and certain real estate to net realizable value. The following table presents, for the periods indicated, the components of the Company's Consolidated Statements of Earnings as a percentage of sales, excluding reorganization and other costs recognized in 1997.

	YEARS ENDED		
	DECEMBER 26, 1998	DECEMBER 27, 1997	DECEMBER 28, 1996
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	88.0	91.0	89.9
Gross profit	12.0	9.0	10.1
Selling, general, and administrative expenses	7.8	5.9	6.4
Earnings from operations	4.2	3.1	3.7
Other expense, net	0.7	0.3	0.3
Earnings before income taxes	3.5	2.8	3.4
Income taxes	1.4	1.0	1.4
Net earnings	2.1%	1.8%	2.0%

The following discussion of the Company's results of operations excludes the reorganization and other costs discussed above.

NET SALES

The Company manufactures, treats, and distributes lumber and other products to the do-it-yourself (DIY), manufactured housing, wholesale lumber, industrial and conventional site-built construction markets. The Company's strategic objectives relative to sales include:

- - Continuing to diversify the Company's end market sales mix by increasing its sales of specialty wood packaging to industrial users and "engineered wood products" to the site-built construction market. Engineered wood products consist of roof and floor trusses, wall panels and I-joists.
- - Increasing unit sales to each of the Company's core markets, DIY and manufactured housing.
- - Maximizing its sales of "value-added" products. Value-added product sales consist of fencing, decking, lattice and other outdoor specialty products sold to the DIY market; roof trusses sold to producers of manufactured homes; specialty wood packaging; and engineered wood products. A long-term goal of the Company is to achieve a ratio of value-added sales to total sales of at least 50%.

In order to measure its progress toward attaining these objectives, management analyzes the following financial data relative to sales:

- - Sales by market classification.
- - The percentage change in sales attributable to changes in overall selling prices versus changes in the quantity of units shipped.
- - The ratio of value-added product sales to total sales.

This information is presented in the tables and narrative that follow.

The following table presents, for the periods indicated, the Company's net sales (in thousands) and percentage of total net sales by market classification.

	Years Ended					
Market Classification	December 26, 1998	%	December 27, 1997	%	December 28, 1996	%
DIY	$ 562,622	45.4	$499,195	46.8%	$419,657	47.1%
Manufactured Housing	401,679	32.4	406,986	38.2	343,107	38.5
Wholesale Lumber	70,239	5.7	74,928	7.0	64,612	7.2
Industrial	76,817	6.2	64,562	6.1	44,159	5.0
Site-Built Construction	127,550	10.3	20,629	1.9	19,695	2.2
Total	$1,238,907	100.0	$1,066,300	100.0%	$891,230	100.0%

Note: In 1998, the Company reviewed the market classifications of each of its customers and made certain reclassifications. Prior year sales have been restated due to these customer reclassifications.

The following table estimates, for the periods indicated, the Company's 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
1998 versus 1997	+16%	-8%	+24%
1997 versus 1996	+20%	+6%	+14%
1996 versus 1995	+18%	+11%	+7%

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

	Value-Added	Commodity-Based
1998	38.8%	61.2%
1997	28.6%	71.4%
1996	28.7%	71.3%

The increase in the Company's ratio of value-added sales to total sales in 1998 compared to 1997 is primarily due to recent business acquisitions ("New Plants"). Over 82% of the total sales from these New Plants are categorized as value-added sales. "Existing Plants" (plants of the Company other than New Plants) increased their ratio of value-added sales to total sales from 28.6% in 1997 to 30.5% in 1998.

DIY Market:

Do-It-Yourself Retailing, in its November 1998 edition, estimated a 5.6% increase in total retail sales by home improvement retailers comparing 1998 with 1997. It also estimated a compounded annual growth rate ("CAGR") from 1996 to 1998 of 6.5%. The Company realized a 10.3% CAGR in sales to this market from 1996 to 1998, despite a 13.4% decrease in the average Lumber Market.

Net sales to the DIY market increased $63 million, or 12.7%, in 1998, compared to 1997. Over $51 million of this increase was due to sales generated by recent business acquisitions. At the end of 1997 and throughout 1998, the Company acquired manufacturers of engineered wood products used in site-built construction. Although the majority of these products are sold directly to builders, a portion is sold through certain national retail customers and lumberyards. In addition, the Company's Existing Plants increased their unit sales to the DIY market despite a 16% decrease in the Lumber Market. This increase in unit sales was primarily driven by sales to the Company's largest customer, which increased by 27%.

Net sales to the DIY market increased $80 million, or 19.0%, in 1997 compared to 1996, due to an increase in unit sales combined with an overall increase in selling prices. The increase in unit sales was primarily attributable to overall growth in the DIY industry, combined with an increase in the Company's market share. The Company has strong relationships with its national retail customers, due to its ability to provide quality products and a high level of service at competitive prices. As certain national retail customers have continued to capture additional market share in the industry, the Company has increased its market share in turn. Overall selling prices increased in 1997 compared to 1996 as a result of the higher level of the Lumber Market in 1997.

Manufactured Housing Market:

Manufactured Home Merchandiser, in its January 1999 edition, estimated an increase in industry shipments to retailers of almost 5% in 1998 compared to 1997, and a 1% CAGR from 1996 to 1998. The Company realized a 5.4% CAGR in sales to this market from 1996 to 1998, despite a 13.4% decrease in the average Lumber Market.

Net sales to the manufactured housing market decreased $5 million, or 1.3%, in 1998 compared to 1997, due to a decline in overall selling prices offset by an increase in unit sales. Overall selling prices to this market decreased as a result of the lower level of the Lumber Market in 1998 compared to 1997. Higher unit sales was due to CBC, acquired at the end of 1997, which increased its sales to this market.

Net sales to the manufactured housing market increased $64 million, or 18.6%, in 1997 compared to 1996, due to an increase in unit sales combined with an overall increase in selling prices. The unit sales increase was due to the acquisition of three plants from Hi-Tek Forest Products, Inc. ("Hi-Tek") on October 1, 1996. Hi-Tek was a former competitor of the Company in the manufactured housing market. The increase in overall selling prices was attributable to the higher level of the Lumber Market in 1997 compared to 1996.

Wholesale Market:

Net sales to the wholesale market decreased $5 million, or 6.3%, in 1998 compared to 1997, primarily due to a decrease in selling prices. The decrease in overall selling prices was attributable to the lower level of the Lumber Market in 1998 compared to 1997. Net sales to the wholesale market increased $10 million, or 16.0%, in 1997 compared to 1996, primarily due to an increase in unit sales. Although increasing sales to the wholesale market is not a strategic objective, the Company continues to supply its existing customers and take advantage of opportunities for new business when it provides favorable net margins.

Industrial Market:

Net sales to the industrial market increased $12 million, or 19.0%, in 1998 compared to 1997, primarily due to the recent acquisitions of AGP and ILC. The Company plans to continue to obtain market share through an internal growth strategy. This strategy is focused on developing niche products and increasing sales of specialty packaging through the technology acquired from AGP. In many cases, the products produced for this market allow the company to increase its raw material yields and recognize higher margins.

Net sales to the industrial market increased $20 million, or 46.2%, in 1997 compared to 1996, due to an increase in unit sales combined with an increase in overall selling prices. In 1997, new sales positions and incentive programs were created to grow sales to this market. The increase in overall selling prices was due to the higher level of the Lumber Market in 1997 compared to 1996.

Site-Built Construction Market:

Sales to the site-built construction market increased $107 million in 1998 compared to 1997, due to the Company's recent acquisitions of SLP, Shoffner and ACS. Sales to this market in 1996 and 1997 represent those of CBC, whose results were pooled with the Company. The Freedonia Group, in its Industry Study 979, estimated the size of the engineered wood components market in the United States at $9 billion. The Company, due to its recent acquisitions, is one of the largest manufacturers of these products in the nation.

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales increased to 12.0% in 1998, compared to 9.0% in 1997. This increase was primarily due to the following factors:

- - An increase in sales of engineered wood products as a result of recent business acquisitions.
- - An increase in sales of fencing products in certain regions of the country.
- - An increase in sales of specialty wood packaging and components to the industrial market.
- - An improvement in results from sales of trusses to the manufactured housing industry over historically low levels recognized in 1997.

Gross profit as a percentage of net sales decreased to 9.0% in 1997 compared to 10.1% in 1996. This decrease was primarily due to a combination of the following factors:

- - The Lumber Market was on a prolonged downward trend the final six months of 1997, compared to an upward trend in 1996 that existed the majority of the year. These market conditions caused the Company to realize lower gross margins on the sale of commodity-based products in 1997 compared to 1996.
- - Intense price competition on the sale of trusses to the manufactured housing market, in certain geographic regions, resulted in lower gross margins on the sale of trusses in 1997 compared to 1996.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses ("SG&A") increased $33 million, or 52%, comparing 1998 with 1997. This increase was primarily due to:

- - Expenses added through business acquisitions and other new operations. The SG&A of these operations totaled $24 million in 1998.
- - An increase in selling and administrative headcount to support the growth of the business.
- - An increase in incentive compensation expenses tied to profitability and return on investment objectives.
- - Increases in certain variable selling and marketing expenses tied to sales.

Selling, general and administrative expenses increased $6 million, or 11.1%, comparing 1997 to 1996. The net increase was primarily due to:

- - General increases in selling and administrative headcount to support the growth of the business.
- - Expenses added through the acquisition of Hi-Tek.
- - The creation of new centralized marketing, national sales and manufacturing design departments.
- - Increased depreciation expense related to upgraded information systems.
- - These increases were offset by a decrease in incentive compensation expenses related to profitability and return on investment objectives.

OTHER EXPENSE, NET

Other expense, net is primarily comprised of interest expense and interest income. Net interest costs increased approximately $5 million in 1998 compared to 1997, primarily due to acquisition related debt totaling approximately $98 million for the year. Net interest costs increased approximately $702,000, comparing 1997 to 1996, as average cash balances decreased and seasonal borrowings on lines of credit increased in 1997. This occurred as a result of greater working capital requirements from a growth in business and the acquisition of Hi-Tek on October 1, 1996.

INCOME TAXES

The Company's effective tax rate was 38.6% in 1998 compared to 34.7% in 1997. Effective tax rates differ from statutory federal income tax rates, primarily due to:

- - Provisions for state and local income taxes, which can vary from year to year based on changes in income generated by the Company in each of the states in which it operations.
- - Permanent tax differences.

The Company recognized a comparatively higher effective tax rate in 1998 due to an increase in state and local income taxes combined with a permanent tax difference related to a recent acquisition. The Company's 1997 effective tax rate was unusually low due to the effect of pooling the pre-tax earnings of CBC (a former S-Corporation) in 1997.

The Company's effective tax rate was 34.7% in 1997 compared to 40.2% in 1996. Due to the reorganization it completed on December 28, 1996 to formalize its existing operating structure, the Company realized a reduction in its state income taxes for 1997. In addition, the Company recognized a lower effective tax rate in 1997 due to the pooling of CBC as discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operating activities totaled $66.5 million in 1998 compared to $19.1 million in 1997. This increase is primarily due to the following factors:

- - Net earnings and non-cash expenses increased as a result of recent business acquisitions.
- - Inventories of Existing Plants increased by approximately $21 million comparing December 27, 1997 with December 28, 1996. Conversely, inventories of these plants decreased by approximately $20 million comparing December 26, 1998 with December 27, 1997. The increase in year-end inventory from 1996 to 1997 was primarily due to the fact that Existing Plants began to build inventories earlier than normal in anticipation of their strong selling season. In addition, vendors supplied less inventory under consignment programs at the end of 1997 compared to 1996. The corresponding decrease in inventory from 1997 to 1998 was due to the fact that Existing Plants did not build inventory levels as early as the prior year, the Company reduced its number

of inventory locations through the consolidation of its purchasing offices, and the Company closed and sold the inventory of certain unprofitable plants in 1998.

Due to the seasonality of the Company's business and the effects of the Lumber Market, management believes the Company's cash cycle (days sales outstanding plus days supply of inventory less days payables outstanding) is a better indicator of its working capital management. The Company's cash cycle increased to 46.0 days in 1998 from 44.2 days in 1997. This increase is primarily due to the effect of recent acquisitions of suppliers to the site-built construction market. Receivables related to this market are generally not collected as quickly as the Company's receivables from other markets.

Capital expenditures totaled $28.4 million in 1998, compared to $13.6 million in 1997. The increase is primarily due to several new facilities acquired during 1998. The cost of these facilities totaled $12 million, which includes $3 million for a new divisional office near Atlanta, Georgia. The remaining increase was primarily due to greater amounts spent in 1998 to expand production capacity at Existing Plants, and amounts spent on special equipment related to a potential new product. Capital expenditures in 1998 to replace and/or upgrade existing operating equipment were at levels consistent with 1997. On December 26, 1998, outstanding purchase commitments on capital projects totaled $9.3 million. The Company intends to satisfy these commitments utilizing its revolving credit facility.

The Company spent approximately $98 million in 1998 related to business acquisitions. Significant businesses acquired are mentioned earlier in this document under the caption "Business Combinations." The Company initially funded the cash portion of the purchase price of all acquisitions using its short-term lines of credit.

Cash flows provided by financing activities totaled $59 million in 1998, and consisted of the following transactions:

- - Repayments of long-term debt totaled $32 million, which included $18 million of debt assumed in the acquisition of Shoffner. The remaining amount consisted of $6 million paid on senior unsecured notes, $6 million paid on term notes, $1 million paid on capital lease obligations, and $1 million paid on non-compete obligations.
- - On November 13, 1998, the Company closed on a five-year, $175 million revolving credit facility involving a syndicate of nine banks. The facility is unsecured. Interest on outstanding amounts are payable at a rate of 50 basis points over the applicable Eurodollar rate. The facility was immediately used to repay amounts outstanding on the Company's short-term lines of credit. The Company subsequently canceled these credit lines.
- - The Company completed a private placement of senior unsecured notes totaling $100 million on December 21, 1998. The notes were issued in two installments. The Company received $81 million on December 21, 1998, and repaid amounts outstanding on its revolving credit facility. The remaining $19 million was received on February 4, 1999. The notes have an average life of nine years and an average fixed interest rate of 6.9%.
- - The Company paid $1.5 million in dividends in 1998 at a rate of $0.07 per share.

Financial covenants on the Company's revolving credit facility and senior unsecured notes include a minimum net worth requirement, a minimum interest coverage test, and a maximum leverage ratio. The Company is well within its requirements at December 26, 1998.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

The Company is self-insured for environmental impairment liability, and accrues for the estimated cost of remedial actions when situations requiring such action arise. The Company owns and operates seventeen 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, the Company 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 the Company's Granger, Indiana; North East, Maryland; Union City, Georgia; Stockertown, Pennsylvania; Elizabeth City, North Carolina; and Schertz, Texas treatment facilities.

The Company has accrued, in other long-term liabilities, amounts totaling $2.3 million and $2.0 million at December 26, 1998 and December 27, 1997, respectively, representing the estimated costs to complete remediation efforts currently in process and those expected to occur in the future. The Company believes that the potential future costs of known remediation efforts will not have a material adverse effect on its future financial position, results of operations or liquidity.

"THE YEAR 2000"

The Company has reviewed its primary business and financial systems, and has concluded it will not have any material "Year 2000" issues with the computer programs which drive these systems. Accordingly, management does not expect to incur any programming costs in this area. The Company believes its risks associated with the "Year 2000" relate primarily to its customers, suppliers, service providers and possible disruptions in the overall economy. Management is currently reviewing the systems of its significant customers and vendors, as well as its other ancillary systems, and has detected no material issues to date. This review is expected to be completed in April 1999, and have incremental costs totaling approximately $50,000. Although there can be no absolute assurances that there will not be a material adverse effect on the Company if third parties do not resolve their "Year 2000" issues in a timely manner, the Company believes its activities will minimize these risks. The Company will continue to evaluate and develop contingency plans as a result of its "Year 2000" assessment.

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. Such forward-looking statements are based on the beliefs and objectives of management as well as on assumptions made by and information currently available to the Company. Actual results could differ materially from those included in such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty.

PERFORMANCE 2002:

In 1997, the Company concluded its annual planning efforts and announced its goals for growth and diversification entitled Performance 2002. The goals called for the Company to double its sales by the year 2002 while maintaining or achieving a leadership position in the four markets that consume the vast majority of wood fiber in the United States. The Company's sales goals by market are as follows (in millions):

Market Classification	Sales in 2002	Required 5-Year CAGR
DIY	$1,000	15%
Manufactured Housing	500	4%
Industrial and Other	250	12%
Site-Built Construction	250	65%
Total	$2,000	13%

Since the end of 1997, the Company completed several business acquisitions to help achieve these goals. The Company plans to pursue additional business acquisitions and will also start up several new operations as it continues to execute its growth strategy.

DIY MARKET:

Do-It-Yourself Retailing, in its November 1998 edition, forecasted the following total retail sales for home improvement retailers for 1999 through 2002 (in billions), which result in a CAGR of 4%. The Company has no means of ascertaining the accuracy of this industry-wide projection, and actual results could vary significantly. Moreover, irrespective of any growth in industry sales, the Company's sales could vary materially, due to a variety of factors, such as increased competition, the Lumber Market, and other factors, which are beyond the Company's control.

	Retail Sales
1998	$145.3
1999	$151.1
2000	$157.2
2001	$163.4
2002	$170.0

The consolidation within the DIY industry continued in 1998 as top performers obtained additional market share. The Company feels it is in a position to capitalize on these industry conditions as a result of its national presence, service capabilities that meet stringent customer requirements, and diversified product offerings. The Company's goal is to increase market share with an emphasis on new value-added products, including engineered wood products.

MANUFACTURED HOUSING MARKET:

Manufactured Home Merchandiser, in its January 1999 edition, forecasted a flat number of industry shipments in 1999. The Company has no means of ascertaining the accuracy of this industry-wide projection, and actual results could vary significantly. Moreover, irrespective of any growth in industry sales, the Company's sales could vary materially, due to a variety of factors, such as increased competition, the Lumber Market and other factors, which are beyond the Company's control.

The Company believes this industry will continue to experience moderate long-term growth as manufactured homes continue to be an attractive alternative to conventional homes as a result of their affordability, the availability of conventional long-term financing, and substantial improvements in quality. Due to its leadership position in the market, management believes the Company is well-placed to capitalize on industry growth. Management believes the Company may also have market share growth opportunities involving the sale of new value-added products to these customers such as moulding and millwork.

INDUSTRIAL MARKET:

A key strategic objective of the Company is to increase its sales of wood packaging products to industrial users. In 1998, the Company increased its unit sales to this market through its acquisitions of ILC and AGP. The Company plans to continue to obtain market share through an internal growth strategy utilizing its current manufacturing capabilities. This strategy is focused on developing niche products and increasing sales of specialty packaging through technology acquired from AGP.

SITE-BUILT CONSTRUCTION MARKET:

Since December of 1997, the Company merged with CBC and acquired SLP, Shoffner, ACS and 59% of the outstanding shares of Nascor. These business acquisitions have allowed the Company to become one of the largest manufacturers of engineered wood products in the United States while operating 20 plants in 10 states. Management plans to continue to obtain market share by beginning to manufacture wall panels and I-joists in markets where it currently produces only trusses. In some instances this will involve adding production capacity to existing facilities, and in other instances, when forecasted volumes are higher, it will involve opening new plants. Management will also pursue business acquisitions in order to enter key geographic markets.

The National Association of Home Builders has published the following forecasted housing starts by region (in thousands).

	Years		
Region	1998	1999	2000
Northeast	151	144	148
South	748	677	676
Midwest	320	292	295
West	391	377	383
Total	1,610	1,490	1,502

Housing starts are expected to have reached peak levels in 1998 while having increased 8.9% from 1997. Despite a forecasted decrease in housing starts from this peak level, management believes the sale of engineered wood components will continue to grow. The Freedonia Group, in its Industry Study 979, forecasted a 7% CAGR in the sale of engineered wood components through the year 2002. Sales growth is expected as a result 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.

GROSS PROFIT

Management believes the following factors may impact the Company's future gross profits:

- - Current economic conditions will continue to impact the supply of lumber in North America, which in turn will impact the Company's cost of lumber and the selling prices of its products. The Company employs pricing methods and inventory management techniques to minimize the impact of Lumber Market fluctuations on its gross profit per unit.
- - The Company has a key long-term strategic objective of increasing its ratio of value-added sales to total sales to 50%, which in turn should increase gross margins. Management believes its acquisition and internal sales growth strategies will help it continue to make progress toward this objective. Achievement of this goal is dependent, in part, upon certain factors that are beyond the control of management.
- - The Company has plans to start several new facilities in 1999 which will produce a variety of products, including treated lumber, remanufactured lumber and engineered wood components. In addition, the Company expects to consolidate two plants located in Southern California. Gross margins may be impacted as a result of normal inefficiencies associated with starting these new operations, and their ratio of value-added sales to total sales.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The Company plans to increase its selling, general and administrative (SG&A) expenses in 1999 in order to support its business growth. The following factors, among others, will contribute to the increase in expenses.

- - Several new operations will be started in 1999 which will require local selling and administrative departments.
- - Centralized Sales, Marketing and Manufacturing Departments will increase headcount in order to execute strategic initiatives that will help the Company achieve sales and margin goals.
- - The Company's corporate headquarters will increase expenses in order to support the dramatic growth of the business.

Although the Company will strive to achieve economies of scale in SG&A costs as the business grows, management expects that these costs will increase as a percentage of sales as the Company continues to increase the proportion of its business consisting of engineered wood components. These value-added products have extensive design and engineering support costs which are captured in SG&A.

LIQUIDITY AND CAPITAL RESOURCES

Management expects to spend between $35 million and $40 million on capital expenditures in 1999. Besides "maintenance" capital expenditures totaling approximately $9 million, the Company plans to spend approximately $5 million to upgrade or expand the production capacity of its existing plants, and approximately $24 million on new operations in key markets. In addition, the Company plans to continue to execute its acquisition strategy in 1999, and will consider issuing additional long-term debt and/or common stock as part of a transaction.

In 1999, the Company intends to continue its current dividend policy of $.035 per share semi-annually. In addition, the Company is obligated to pay amounts due on long-term debt totaling approximately $9.8 million.

After the final funding of its senior unsecured notes on February 4, 1999, the Company had the entire amount of its $175 million revolving credit facility available at December 26, 1998. Seasonal working capital requirements are expected to consume $65 million to $75 million of this availability. The Company experiences its highest working capital requirements during the period from April through July. The Company will finance its remaining capital requirements mentioned above by using its revolving credit facility, issuing additional long-term debt or common stock, or by using a combination of these methods.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Universal Forest Products, Inc.
Grand Rapids, Michigan

We have audited the accompanying consolidated balance sheets of Universal Forest Products, Inc. and subsidiaries as of December 26, 1998 and December 27, 1997, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three fiscal years in the period ended December 26, 1998. 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 generally accepted auditing standards. 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 26, 1998 and December 27, 1997, and the results of their operations and their cash flows for each of the three fiscal years in the period ended December 26, 1998, in conformity with generally accepted accounting principles.

Grand Rapids, Michigan
January 25, 1998

CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

ASSETS	Note	December 26, 1998	December 27, 1997
CURRENT ASSETS:			
Cash and cash equivalents	B	$ 920	$ 3,157
Accounts receivable (net of allowance for doubtful accounts of $3,540 and $449)	B	62,846	35,616
Inventories:			
Raw materials	B	36,856	38,240
Finished goods	B	71,543	72,923
		108,399	111,163
Other current assets	B	2,911	426
Prepaid income taxes	L	2,625	3,134
Deferred income taxes	B, L	4,176	4,141
Total Current Assets		181,877	157,637
OTHER ASSETS	B, F, J	10,978	4,474
GOODWILL AND NON-COMPETE AGREEMENTS	B, N	95,229	2,525
PROPERTY, PLANT & EQUIPMENT:			
Land and improvements	B, E	24,363	16,113
Buildings and improvements	B, E	70,091	37,030
Machinery, equipment and office furniture	B, E	84,392	58,214
Construction in progress		14,529	5,358
		193,375	116,715
Less accumulated depreciation and amortization	B, E	(61,389)	(51,968)
		131,986	64,747
		$ 420,070	$ 229,383
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term debt	B, D	$ 1,997	$ 4,500
Accounts payable	B	38,751	34,053
Accrued liabilities:			
Compensation and benefits	B, K	28,025	16,345
Other	B, C	3,485	3,167
Current portion of long-term debt and capital lease obligations	B, D, E, N	9,760	9,789
Total Current Liabilities		82,018	67,854
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	B, D, E, N	132,120	40,188
DEFERRED INCOME TAXES	B, L	8,100	1,766
OTHER LIABILITIES	F, M	6,249	3,677
COMMITMENTS AND CONTINGENCIES	M		
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, 20,710,263 and 17,572,262	B, G, H	20,710	17,572
Additional paid-in capital	B, G	77,526	29,855
Retained earnings	B	95,221	70,253
Accumulated other comprehensive earnings		(1,072)	(882)
		192,385	116,798
Officers' stock notes receivable	I	(802)	(900)
		191,583	115,898
		$ 420,070	$ 229,383

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands, except per share amounts)

	Note	Year Ended December 26, 1998	December 27, 1997	December 28, 1996
NET SALES	B	$ 1,238,907	$ 1,066,300	$ 891,230
COST OF GOODS SOLD	B, E, K	1,089,693	970,822	801,516
GROSS PROFIT		149,214	95,478	89,714
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	B, E, J, K	97,056	63,461	57,122
REORGANIZATION COSTS	C		1,698	
EARNINGS FROM OPERATIONS		52,158	30,319	32,592
OTHER EXPENSE (INCOME):				
Interest expense	B, D	9,506	4,305	4,248
Interest income		(334)	(368)	(1,013)
Other, net	B	(48)	400	(446)
TOTAL OTHER EXPENSE		9,124	4,337	2,789
EARNINGS BEFORE INCOME TAXES		43,034	25,982	29,803
INCOME TAXES	B,L	16,615	9,025	11,971
NET EARNINGS		$ 26,419	$ 16,957	$ 17,832
EARNINGS PER SHARE - BASIC		$ 1.33	$ 0.97	$ 1.02
EARNINGS PER SHARE - DILUTED		$ 1.28	$ 0.93	$ 0.98
WEIGHTED AVERAGE SHARES OUTSTANDING	B	19,917	17,528	17,428
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	B	20,613	18,234	18,121

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except share and per share amounts)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Earnings	Officers' Stock Notes Receivable	Total
BALANCE AT DECEMBER 30, 1995.....	$ 17,439	$ 28,260	$ 40,642	$ (998)	$ (746)	$ 84,597
Comprehensive earnings:						
Net earnings.....			17,832			
Foreign currency translation adjustment.....				168		
Total comprehensive earnings.....						18,000
Cash dividends - $.060 per share.....			(1,022)			(1,022)
CBC shareholder distributions.....			(304)			(304)
Issuance of 98,971 shares.....	99	186				285
Repurchase of 100,000 shares.....	(100)		(722)			(822)
Payments received on officers' stock notes receivable.....					81	81
BALANCE AT DECEMBER 28, 1996.....	$ 17,438	$ 28,446	$ 56,426	$ (830)	$ (665)	$ 100,815
Comprehensive earnings:						
Net earnings.....			16,957			
Foreign currency translation adjustment.....				(52)		
Total comprehensive earnings.....						16,905
Cash dividends - $.065 per share.....			(1,116)			(1,116)
CBC shareholder distributions.....			(978)			(978)
Issuance of 186,452 shares.....	187	426				613
Repurchase of 82,502 shares.....	(83)		(1,036)			(1,119)
Tax benefits from non-qualified stock options exercised.....		613				613
Issuance of officers' stock notes receivable.....	30	370			(400)	
Payments received on officers' stock notes receivable.....					165	165
BALANCE AT DECEMBER 27, 1997.....	$ 17,572	$ 29,855	$ 70,253	$ (882)	$ (900)	$ 115,898
Comprehensive earnings:						
Net earnings.....			26,419			
Foreign currency translation adjustment.....				(190)		
Total comprehensive earnings.....						26,229
Cash dividends - $.070 per share.....			(1,451)			(1,451)
Final settlement of CBC acquisition...	(17)	(218)				(235)
Issuance of 3,154,866 shares.....	3,155	47,889				51,044
Payments received on officers' stock notes receivable.....					98	98
BALANCE AT DECEMBER 26, 1998.....	$ 20,710	$ 77,526	$ 95,221	$(1,072)	$ (802)	$ 191,583

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Note	Year Ended December 26, 1998	December 27, 1997	December 28, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net earnings	B	$ 26,419	$ 16,957	$ 17,832
Adjustments to reconcile net earnings to net cash provided by operations:				
Depreciation and amortization	E	12,584	9,515	8,625
Amortization of non-compete agreements and goodwill	B, N	2,464	527	121
Deferred income taxes	B, L	1,292	(578)	(635)
Loss on sale of property, plant and equipment		422	683	15
Stock Gift and Stock Grant Program expense	G	27	5	5
Changes in:				
Accounts receivable	B	(5,698)	(1,974)	(5,600)
Inventories	B	20,093	(20,767)	(20,502)
Other	B	186	20	(1,024)
Accounts payable and accrued liabilities	B	8,790	14,694	4,866
Net cash provided by operations		66,579	19,082	3,703
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	B	(28,433)	(13,631)	(9,346)
Acquisitions, net of cash received	B	(98,167)		(10,413)
Proceeds from sale of property, plant and equipment	B	1,688	380	233
Advance to an unconsolidated subsidiary	B	(3,200)		
Collection of notes receivable	I	377	618	298
Purchases of other assets		(370)	(205)	(168)
Net cash used in investing activities		(128,105)	(12,838)	(19,396)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net borrowings under revolving credit facility	D	16,380		
Net borrowings (repayments) of notes payable	B, D	(4,500)	4,500	
Proceeds from issuance of long-term debt	B, D	80,304		984
Repayment of long-term debt	B, D	(31,952)	(6,312)	(3,815)
Proceeds from issuance of common stock	G, H	508	608	280
Cash dividends paid		(1,451)	(1,116)	(1,022)
CBC shareholder distributions	B		(978)	(96)
Repurchase of common stock	G		(1,119)	(822)
Net cash provided by (used in) financing activities		59,289	(4,417)	(4,491)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,237)	1,827	(20,184)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		3,157	1,330	21,514
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 920	$ 3,157	$ 1,330

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(in thousands)

	Note	Years Ended December 26, 1998	December 27, 1997	December 28, 1996
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	D	$ 9,407	$ 4,347	$ 4,247
Income taxes	L	14,815	12,934	10,984
NON-CASH INVESTING ACTIVITIES:				
Note payable issued in exchange for non-compete agreements	B	2,462		
Note payable issued in business combination	B	857		
Property, plant and equipment acquired through capital leases	E	181		59
Fair market value of common stock issued in business combinations	B	50,509		
Officers' stock notes receivable	I		400	
Real estate received in lieu of note receivable				347
NON-CASH FINANCING ACTIVITIES:				
Inventory exchanged for a note receivable		1,040		
CBC distribution of real estate, net of mortgage	B			208

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

Universal Forest Products, Inc. (the "Company") manufactures, treats and distributes lumber products for the do-it-yourself, manufactured housing, industrial, and site-built construction markets. The Company's principal products are 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 the accounts of the Company and its 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 the Company's 50% or less owned affiliates over which the Company has the ability to exercise significant influence.

FISCAL YEAR

The Company's fiscal year is a 52 or 53 week period, ending on the last Saturday of December. Unless otherwise stated, references to 1998, 1997 and 1996 relate to the fiscal years ended December 26, 1998, December 27, 1997 and December 28, 1996, respectively. Each of these fiscal years were comprised of 52 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 the Company; 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 the Company 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 26, 1998. Although management is 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.

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management 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. Management believes its estimates to be reasonable, however, actual results could differ from these estimates.

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.

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 and equipment.....	3 to 8 years
Office furniture.....	5 to 8 years

FOREIGN CURRENCY TRANSLATION

The functional currency for the Company's foreign operations is the applicable local currency, except in Mexico. Due to the hyper-inflationary state of the Mexican economy, the U.S. dollar has been used as the functional currency in 1998 and 1997. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date. For revenues, expenses, gains and losses, the transaction date exchange rate is used. Gains or losses resulting from the translation are included as a separate component of shareholders' equity. Gains or losses resulting from

foreign currency transactions were not material in 1998, 1997 or 1996, and are reflected in earnings from continuing operations.

INCOME TAXES

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases 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. The Company accrues for bad debt expense based on its 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 $515,000, $728,000 and $707,000, for 1998, 1997 and 1996, respectively.

EARNINGS PER COMMON SHARE

As required by Statement of Financial Accounting Standard No. 128, "Earnings Per Share," basic earnings per share ("EPS") is calculated based on the weighted average number of common shares outstanding during the periods presented, while 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 1993 and 1998 (see Note H), 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 date).

	1998			1997			1996		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net Earnings.....	$26,419			$16,957			$17,832		
Basic EPS									
Income available to common stockholders.....	26,419	19,917	$1.33	16,957	17,528	$0.97	17,832	17,428	$1.02
Effect of Dilutive Securities									
Options.....		696			706			693	
Diluted EPS									
Income available to common stockholders and assumed options exercised.....	$26,419	20,613	$1.28	$16,957	18,234	$0.93	$17,832	18,121	$0.98

Options to purchase 240,000 shares of common stock at exercise prices ranging from $18.25 to $31.30 were outstanding at December 26, 1998, 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 and, therefore, would be antidilutive.

STOCK-BASED COMPENSATION

Effective January 1, 1996, the Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation," and as permitted by this Standard, continues to apply the recognition and measurement principles of Accounting Principles Board Opinion No. 25 to its stock-based compensation (see Note H).

RECLASSIFICATIONS

Certain reclassifications have been made in the 1996 and 1997 consolidated financial statements to conform to the classifications used in 1998.

B. BUSINESS COMBINATIONS

On December 22, 1997, a subsidiary of the Company completed a merger with Consolidated Building Components, Inc. ("CBC"), a manufacturer of engineered trusses, wall panels and other products for commercial and residential builders and producers of manufactured homes. CBC operates two plants in Northwest Pennsylvania. The Company issued 398,000 shares of its common stock in exchange for all of the stock of CBC. This transaction was accounted for as a pooling of interests. CBC's shareholders had elected to be taxed as an S-Corporation; therefore, no provision for federal or state income taxes was included in CBC's financial statements for 1997 and 1996. A provision for deferred taxes was recorded by the Company on December 27, 1997 for differences between financial statement and tax bases of assets and liabilities that will result in taxable or deductive amounts in the future.

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 and liabilities assumed 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 and assumed liabilities was recorded as goodwill in each transaction. The Company has amortized goodwill on a straight-line basis over 40 years. The results of operations of each acquisition is included in the Company's consolidated financial statements since the date it was acquired.

Effective October 1, 1996, the Company acquired certain assets of Hi-Tek Forest Products, Inc. ("Hi-Tek") for $10,413,000 and assumed accounts payable totaling $495,000. The acquired assets included a non-compete agreement with a fair value of $2.1 million. The non-compete agreement spans a five year time period, covers the geographic regions in which the acquired plants operate, and is being amortized over the term of the agreement on a straight-line basis. The acquired operations are located in Bend, Oregon; Boise, Idaho; and Corona, California.

On December 29, 1997, a partnership of the Company acquired substantially all of the assets of Structural Lumber Products, Inc. ("SLP"), a manufacturer of engineered trusses and wall panels for residential builders. SLP operates plants in San Antonio, Austin and Dallas, Texas. The total purchase price of the transaction was $18.5 million, initially funded through the Company's lines of credit. The excess of the purchase price over the estimated fair value of the acquired assets was $12.7 million.

On March 30, 1998, a subsidiary of the Company acquired 100% of the outstanding shares of Shoffner Industries, Inc. ("Shoffner") in exchange for $41.1 million in cash, initially funded through the Company's lines of credit, and 3 million shares of the Company's common stock. Shoffner is a manufacturer of engineered roof and floor trusses for commercial and residential builders with 14 facilities in 7 states at the time of acquisition. The excess of the purchase price over the estimated fair value of the acquired assets and liabilities assumed was $66.6 million.

On April 14, 1998, a subsidiary of the Company acquired substantially all of the assets and assumed certain liabilities of Atlantic General Packaging, Inc. ("AGP"), a manufacturer of specialty wood packaging products. AGP operates one facility in Warrenton, North Carolina.

The total purchase price for the net assets of AGP consisted of cash of $1.0 million, a note payable of $857,000, and 57,950 shares of the Company's common stock.

On April 20, 1998, a subsidiary of the Company acquired substantially all of the assets and assumed certain liabilities of Advanced Component Systems, Inc. ("ACS"), a manufacturer of engineered trusses for commercial and residential builders. ACS operates one facility in Lafayette, Colorado. The total purchase price for the net assets of ACS was $27.0 million of cash, initially funded through the Company's lines of credit. The excess of the purchase price over the estimated fair value of the acquired assets and liabilities assumed was $10.6 million.

On June 4, 1998, a subsidiary of the Company acquired substantially all of the assets of Industrial Lumber Company, Inc. ("ILC"), a distributor of low grade cut lumber for packaging. The total purchase price for the net assets of ILC consisted of $3.0 million in cash, initially funded through the Company's lines of credit. The Company also exchanged notes payable totaling $2.2 million for non-compete agreements. The non-compete agreements are being amortized on a straight-line basis over the ten year term of the agreements.

On November 4, 1998, a subsidiary of the Company acquired 59% of the outstanding shares of Nascor Incorporated ("Nascor"), a manufacturer of engineered trusses, pre-insulated wall panels and I-joists. Nascor operates out of a single facility in Calgary, Alberta. The Company exchanged $2.8 million for 5,552,500 shares of Nascor's outstanding common stock. The transaction was initially funded through the Company's revolving credit facility. The excess of the purchase price over the estimated fair value of the acquired assets, assumed liabilities and minority interest liability was $1.4 million.

On December 18, 1998, a subsidiary of the Company 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, Mexico. The Company exchanged $3.0 million for its share of the outstanding common stock of Pinelli, and accounts for its investment utilizing the equity method of accounting. The Company retains an option to acquire an additional 5% interest for $1 million. The option expires after December 1, 2001. In conjunction with this investment, the Company advanced $3.2 million in cash to Pinelli in exchange for a note receivable. The note bears interest at an annual rate of two and one-half percent above the prime rate and the principal is due no later than December 1, 2003.

In addition, the Company completed other business combinations during 1998 which are not material to its financial condition and results of operations and have been excluded from the discussion above.

The following unaudited pro forma consolidated results of operations for the twelve months ended December 26, 1998 and December 27, 1997 assumes the acquisitions of SLP, Shoffner, and ACS occurred on December 29, 1996 (in thousands, except per share data). The pro forma effects of AGP, ILC and certain other acquisitions are not included because they are not material individually, or in the aggregate.

	For the Year Ended December 26, 1998 (unaudited)	For the Year Ended December 27, 1997 (unaudited)
Net sales	$1,269,127	$1,218,743
Net earnings	$ 26,986	$ 23,898
Earnings per share:		
Basic	$ 1.31	$ 1.16
Diluted	$ 1.26	$ 1.13
Weighted average shares outstanding:		
Basic	20,663	20,528
Diluted	21,359	21,234

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 at the beginning of the earliest period presented, nor are they necessarily indicative of future operating results.

C. REORGANIZATION COSTS

In the fourth quarter of 1997, the Company announced a plan of reorganization. Management believes the reorganization will allow the Company to be more efficient in its procurement of raw materials, improve the utilization of its assets, and take advantage of its national presence to create new business opportunities with national customers and vendors. In 1998, the Company:

- Consolidated the management of its operating companies from five regional companies down to two integrated divisions.
- Consolidated its regional purchasing operations from five offices down to two.
- Commenced the consolidation on its Southern California operations from two plants down to one.
- Discontinued its treating operations in North East, Maryland.
- Discontinued manufacturing and/or selling certain products and product lines.

These activities resulted in a reorganization charge which incorporated the cost of:

- Employee severance agreements.
- Writing down fixed assets abandoned or sold to their net realizable value.

- Future lease payments for facilities which were abandoned.
- Writing down inventory of a discontinued product line to its net realizable value.
- Future remediation costs at the discontinued treating plant.

The reorganization charge of $1.6 million in 1997 consisted of termination benefits of $448,000, writedowns of fixed assets of $260,000, abandoned lease costs of $216,000, and environmental remediation costs of $695,000. During 1998, the Company made payments related to the reorganization of $379,000 and reclassed other amounts against the related fixed asset. The remaining accrued amounts aggregating $401,000 relate to termination benefits that are expected to be paid in 1999 and future lease payments.

D. DEBT

Effective November 13, 1998, the Company obtained a five-year, $175 million revolving credit facility which includes amounts reserved for letters of credit. The facility expires in November 2003, and replaced the Company's unsecured lines of credit which had short-term borrowings of $4,500,000 at December 27, 1997. Borrowings under the revolver were at 50 basis points over the applicable Eurodollar rate, while borrowings under the lines were at negotiated rates below each respective bank's prime rate. The average rates on these borrowings in 1998 and 1997 were 5.6% and 6.0%, respectively. In 1996, the Company did not draw on its lines. The amounts outstanding under the revolving credit facility are included in the long-term debt summary below. Outstanding letters of credit extended on the Company's behalf aggregated $4,030,000 at December 26, 1998.

A majority-owned subsidiary of the Company has an operating line of credit with a bank totaling $2,380,000, which bears interest at the bank's prime lending rate (7% at December 26, 1998) plus 2.25% per annum. The line is secured by inventory and accounts receivable. There was $1,997,000 outstanding on this line at December 26, 1998. In addition, this subsidiary has outstanding letters of credit totaling approximately $1.0 million at December 26, 1998.

On December 21, 1998, the Company completed a $100 million private placement of senior unsecured notes payable. The notes were issued in two installments. The Company received the first two tranches aggregating $81 million on December 21, 1998, and the remaining tranche of $19 million on February 4, 1999. The notes have an average life of nine years and an average interest rate of 6.9%.

Long-term debt and capital lease obligations are summarized as follows at December 26, 1998 and December 27, 1997 (amounts in thousands):

	1998	1997
Senior unsecured notes, $5,714 due annually commencing May 1998 through May 2004, interest due semi-annually at 7.15%	$ 34,286	$40,000
Series 1998-A Senior Notes Tranche B, due on December 21, 2008, interest payable semi-annually at 6.98% commencing June 21, 1999	59,500	
Series 1998-A Senior Notes Tranche A, due on December 21, 2005, interest payable semi-annually at 6.69% commencing June 21, 1999	21,500	
Revolving credit facility totaling $175,000,000, due on November 13, 2003, interest due monthly at a floating rate (5.28% at December 26, 1998)	16,380	
Bank term loan, $119 due monthly through November 1999, interest due monthly at 7.75%	1,429	2,738
Bank term loan, $350 due semi-annually through December 1999, interest due monthly at 9.67%	700	1,400
Bank term loan, $500 due semi-annually through December 2001, interest due monthly at 5.25%		4,000
Capital lease obligations, interest imputed at rates ranging from 7.25% to 8.00%	3,430	826
Notes payable under non-compete agreements, interest imputed at a rate of 7.0%	2,014	436
Other	2,641	577
	141,880	49,977
Less current portion	9,760	9,789
Long-term portion	$132,120	$40,188

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

At December 26, 1998, the principal maturities of long-term debt and capital lease obligations are as follows (in thousands):

1999	$ 9,760
2000	9,870
2001	6,076
2002	6,060
2003	28,124
Thereafter	81,990
	$141,880

At December 26, 1998, the estimated fair value of the Company's long-term debt, including the current portion, was $142,162,000, which was $282,000 more than the carrying value. The estimated fair value is based on rates anticipated to be available to the Company 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 at December 26, 1998 and December 27, 1997 is as follows (in thousands):

	1998	1997
Land and improvements	$ 295	$ 276
Buildings and improvements	481	319
Machinery and equipment	3,111	251
	3,887	846
Less accumulated amortization	(369)	(186)
	$3,518	$ 660

The Company leases certain real estate under operating lease agreements with original terms ranging from one to ten years. The Company is required to pay real estate taxes and other occupancy costs under these leases. Certain of these leases carry renewal options of five to fifteen years. The Company also leases motor vehicles and equipment under operating lease agreements, for periods of one to seven years. Future minimum payments under noncancellable leases at December 26, 1998 are as follows (in thousands):

	Capital Leases	Operating Leases	Total
1999	$ 546	$ 3,814	$ 4,360
2000	489	2,627	3,116
2001	473	2,017	2,490
2002	2,365	1,395	3,760
2003	259	785	809
Thereafter		927	927
Total minimum lease payments	4,132	$11,565	$15,462
Less imputed interest	(702)		
Present value of minimum lease payments	$3,430		

Rent expense was approximately $5,766,000, $4,816,000 and $3,718,000 in 1998, 1997 and 1996, respectively, including approximately $100,000 paid annually to the Company's profit-sharing plan for the lease of certain property in 1996.

F. DEFERRED COMPENSATION

The Company has established 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 from the Company. The Company has purchased life insurance on such executives, payable to the Company in amounts which, if assumptions made as to mortality experience, policy dividends and other factors are realized, will accumulate cash values adequate to reimburse the Company for all payments for insurance and deferred compensation obligations. In the event cash values are not sufficient to fund such obligations, the program allows the Company to reduce benefit payments to such amounts as may be funded by accumulated cash values.

G. COMMON STOCK

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 Company stock at a share price equal to 90% of fair market value on the purchase date. In 1998, 1997 and 1996, 15,016, 8,677 and 3,471 shares, respectively, were issued under this Plan for amounts totaling approximately $208,000, $113,000 and $33,000, respectively. The Stock Retainer Plan allows eligible members of the Board of Directors to defer their retainer fees and receive shares of Company 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 Company stock at the time of deferral, and is increased for dividends declared. The Company has accrued approximately $163,000, $123,000 and $83,000 at December 26, 1998, December 27, 1997 and December 28, 1996, respectively, for amounts incurred under this Plan.

The Employee Stock Gift Program was approved by the Board of Directors in January 1994, and allows management to gift shares of stock to eligible employees based on length of service. The Company gifted 400, 275 and 500 shares of stock under this Plan in 1998, 1997 and 1996, respectively, and recognized the market value of the shares at the date of issuance as an expense.

On October 27, 1995, the Board of Directors approved a share repurchase program for up to 1,000,000 shares of the Company's common stock. Repurchases are to be made to the extent of share issuances under the Company's employee benefit and stock option plans. In 1997 and 1996, the Company repurchased 82,502 and 100,000 shares, respectively, of its common stock for $1,119,000 and $822,000, respectively.

In January 1997, the Company 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 1998, the Company issued 1,500 shares and recognized the market value of the shares at the date of issuance as an expense.

On April 22, 1997, the shareholders approved an amendment to the Company's Articles of Incorporation increasing authorized common stock from 25,000,000 shares to 40,000,000 shares. Apart from the shares of common stock reserved for issuance under the above-referenced plans and plans outlined in Note H, the Company does not have any present plan, understanding or agreement to issue additional shares of common stock.

On April 22, 1997, the shareholders approved the Long Term Stock Incentive Plan to succeed the Company's 1994 Employee Stock Option Plan. The Plan reserves a maximum of 1,100,000 shares, and 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 Plan is ten years. As of December 27, 1997, no awards had been granted under this Plan. In 1998, the Company granted incentive stock options for 471,500 shares, as discussed in Note H.

At December 26, 1998, a total of 2,137,530 shares are reserved for issuance under the Plans mentioned above and under Note H below.

H. STOCK OPTIONS AND STOCK-BASED COMPENSATION

In January 1998, the Company granted incentive stock options for 346,500 shares of common stock under its Long Term Stock Incentive Plan. Options were granted to certain employees and officers of the Company at exercise prices ranging from $13.19 to $24.46, which equaled or exceeded the market value of the stock on the date of each grant. The options are exercisable on various dates from 2001 through 2013, and the option recipients must be employed by the Company at the time of exercise. Options for 11,462 shares were canceled during the year as a result of terminated employees.

On April 22, 1998, the Company granted incentive stock options for 125,000 shares of common stock under its Long Term Stock Incentive Plan. Options were granted to certain employees and officers of the Company at exercise prices ranging from $17.44 to $31.30, which equaled or exceeded the market value of the stock on the date of each grant. The options are exercisable on various dates from 2001 through 2013, and the option recipients must be employed by the Company at the time of exercise.

As permitted under Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," the Company continues 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 in 1998 been determined under the fair value based method defined in SFAS 123, the Company's net earnings and earnings per share would have been reduced to the following pro forma amounts in 1998 (in thousands, except per share amounts).

Net Earnings:	
As Reported	$26,419
Pro Forma	23,842
EPS - Basic:	
As Reported	$1.33
Pro Forma	1.20
EPS - Diluted:	
As Reported	$1.28
Pro Forma	1.16

Because the fair value based method of accounting has not been applied to options granted prior to fiscal year 1996, the resulting pro forma compensation cost may not be indicative of future amounts.

The fair value of each option granted in 1998 is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

Risk Free Interest Rate	6.20%
Expected Life	8.0 years
Expected Volatility	28.35%
Expected Dividend Yield	0.41%

On June 8, 1989, the Company granted non-qualified stock options to certain executive officers. In April 1997, two officers exercised all of their options and purchased 140,000 shares of stock for $364,400. In February 1996, a former officer exercised all of his options and purchased 60,000 shares of stock for $132,600. At December 27, 1997, all of the non-qualified options granted under this plan had been exercised.

On June 1, 1993, shareholders approved the Incentive Stock Option Plan (the "Plan") for officers of the Company. Options for the purchase of all 1,200,000 shares of the Company's common stock authorized under the Plan have been granted. The Plan provides that the options are exercisable only if the officer is employed by the Company 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. In April of 1998, 1997 and 1996, officers exercised options and purchased 80,000 shares, 37,500 shares and 35,000 shares, respectively, for $300,000, $131,250 and $113,750, respectively. Options for 135,000 shares have been canceled as a result of terminated employees. The remaining options (shown below in thousands) are exercisable within thirty days of the anniversary of the Plan in the years and at the prices shown below:

Plan Anniversary	Numbers of Shares	Option Price (per share)
1999	170	$4.00
2000	80	4.25
2001	163	4.50
2002	170	5.00
2005	170	5.75
2006	60	6.00
2007	60	6.25
2008	40	6.50
	913	

On November 10, 1993, the Company granted an option to purchase 10,000 shares of common stock to an officer of the Company at an option price of $7.25 per share. The option is exercisable for a period of thirty days prior to November 10, 2003, and the officer must be employed by the Company at the time of exercise. The agreement also requires the purchased shares to be held at least one year.

I. OFFICERS' STOCK NOTES RECEIVABLE

Officers' stock notes receivable represent notes obtained by the Company from certain officers for the purchase of the Company's common stock. On January 1, 1997, the Company sold 30,188 shares of common stock to four officers in exchange for additional notes receivable totaling $399,991. Interest on the 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%). At December 26, 1998, payments on the notes are due as follows (in thousands):

1999	$123
2000	83
2001	89
2002	120
2003	57
Thereafter	330
	$802

J. LIFE INSURANCE

In September 1995, the Company acquired a second-to-die life insurance policy on its Chairman of the Board and his spouse, the Company's largest shareholders. The death benefit on the policy totals $8,700,000 and the Company is the beneficiary. The Company also maintains an officer's life insurance policy on the Chairman with a death benefit of $1,300,000. The cash surrender value on these policies at December 26, 1998 is included in "Other Assets."

K. RETIREMENT PLAN

The Company has a profit sharing and 401(k) plan for the benefit of substantially all of its employees. Amounts contributed to the plan are made at the discretion of the Board of Directors. The Company contributed approximately $1,462,000, $1,135,000 and $1,528,000 in 1998, 1997 and 1996, respectively. In addition, the Company matched 25% of employee contributions, on a discretionary basis, totaling $597,000, $521,000 and $440,000 in 1998, 1997 and 1996, respectively. The basis for matching contributions may not exceed the lesser of 6% of the employee's annual compensation or $10,000.

L. INCOME TAXES

Income tax provisions for the years ended December 26, 1998, December 27, 1997, and December 28, 1996 are summarized as follows (in thousands):

	1998	1997	1996
Currently payable:			
Federal	$ 13,049	$ 9,047	$ 10,141
State and local	1,659	356	2,465
Foreign	615	200	
	15,323	9,603	12,606
Net Deferred:			
Federal	1,048	(674)	(504)
State and local	244	96	(131)
	1,292	(578)	(635)
	$ 16,615	$ 9,025	$ 11,971

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

	1998	1997	1996
Statutory federal income tax rate...	35.0%	35.0%	35.0%
State and local taxes	2.9	1.4	4.9
Effect of pooling CBC		(1.5)	(0.1)
Other	0.7	(0.2)	0.4
Effective income tax rate	38.6%	34.7%	40.2%

The Company has no present intention of remitting undistributed earnings of its Canadian subsidiaries aggregating $3,700,000 at December 26, 1998 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 $172,000 would have been required.

Temporary differences which give rise to deferred tax assets and liabilities at December 26, 1998 and December 27, 1997 are as follows (in thousands):

	1998		1997	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Employee benefits.....	1,609	(827)	$2,374	$ (492)
Depreciation.....		9,536		2,937
Inventory.....	556		900	
Accrued expenses.....	1,820	(531)	595	(372)
All other.....	191	(78)	272	(307)
	$4,176	$8,100	$4,141	$1,766

M. COMMITMENTS AND CONTINGENCIES

The Company is self-insured for environmental impairment liability and accrues an expense for the estimated cost of required remedial actions when situations requiring such action arise. The Company owns and operates 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, the Company 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 the Company's Granger, Indiana; North East, Maryland; Union City, Georgia; Stockertown, Pennsylvania; Elizabeth City, North Carolina; and Schertz, Texas wood preservation facilities.

The Company has accrued, in other long-term liabilities, amounts totaling $2,324,000 and $2,038,000 at December 26, 1998 and December 27, 1997, 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.

Various lawsuits and claims, including those involving ordinary routine litigation incidental to its business, to which the Company is a party, are pending, or have been asserted, against the Company. Although the outcome of these matters cannot be predicted with certainty, and some of them may be disposed of unfavorably to the Company, management has no reason to believe that their disposition will have a material adverse effect on the consolidated financial position, operating results or liquidity of the Company.

On December 26, 1998, the Company had outstanding purchase commitments on capital projects totaling $9,300,000.

N. NON-COMPETE AGREEMENT WITH FORMER OFFICER

In February 1996, the Company entered into a consulting and non-compete agreement with one of its former officers. Included in the agreement are conditions that the former officer provide certain consulting services and agree not to compete with the Company for a period of eleven years. The Company will make a future payment to the officer totaling $100,000 in 1999. The non-competition asset is being amortized on a straight-line basis over the eleven year non-compete period.

O. SEGMENT REPORTING

The Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" in 1998. This statement revised the standards for reporting information about operating segments in financial statements and for related disclosures about products and services, geographic areas, and major customers. Operating segments are defined 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, each of the Company's manufacturing, treating and distribution facilities may be considered a segment of its business. Under SFAS No. 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. The Company has chosen to aggregate its facilities into one reporting segment. The Company operates manufacturing, treating and distribution facilities throughout North America. In 1998, 1997 and 1996, 20%, 18% and 15% of net sales, respectively, were to a single customer.

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

	1998		1997		1996	
	Net Sales	Long-Lived Assets	Net Sales	Long-Lived Assets	Net Sales	Long-Lived Assets
United States.....	$1,210,073	$226,472	$1,040,321	$69,788	$876,675	$66,747
Canada.....	28,254	8,249	25,046	1,958	13,338	2,091
Mexico.....	580	3,472	933		1,217	
Total.....	$1,238,907	$238,193	$1,066,300	$71,746	$891,230	$68,838

Sales generated in Canada and Mexico are primarily to customers in the United States of America.

P. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth selected financial information for all of the quarters during the years ended December 26, 1998 and December 27, 1997 (in thousands, except per share data):

	First		Second		Third		Fourth	
	1998	1997	1998	1997	1998	1997	1998	1997
Net sales.....	$238,197	$219,450	$388,677	$348,060	$341,071	$292,264	$270,962	$206,526
Gross profit.....	24,573	20,509	46,315	33,401	42,879	25,096	35,447	16,472
Net earnings (loss).....	3,577	3,627	11,123	9,517	8,498	5,496	3,221	(1,683)
Diluted earnings (loss) per share.....	.20	.20	.52	.52	.40	.30	.15	(.10)

Amounts have been restated for all periods presented due to the acquisition of Consolidated Building Components, Inc. on December 22, 1997, which was accounted for as a pooling of interests. See Note B of Notes to Consolidated Financial Statements.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Company's 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 1998	High	Low	Fiscal 1997	High	Low
Fourth Quarter.....	20.500	12.668	Fourth Quarter.....	17.750	12.500
Third Quarter.....	18.750	14.125	Third Quarter.....	18.000	14.000
Second Quarter.....	18.500	15.500	Second Quarter.....	14.750	12.260
First Quarter.....	17.000	12.250	First Quarter.....	14.875	11.875

There were approximately 5,700 shareholders of record as of March 1, 1999.

In 1998, the Company paid dividends on its common stock of $.035 per share in June and again in December. The Company intends to continue with its current dividend policy for the foreseeable future, and retain the balance of its earnings for use in the expansion of its business.

EXHIBIT 21

LIST OF REGISTRANT'S SUBSIDIARIES

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

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

3. Shoffner Industries, Inc., a Michigan Corporation.

4. Shoffner Industries, LLC., a Limited Liability Company.

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

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

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

8. Nascor, Inc., a Canadian Corporation (59% owned).

9. Universal Forest Products de Mexico, S.A. de C.V., a Mexican Corporation.

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

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

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

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

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

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

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement No. 33-1465835 of Universal Forest Product, Inc. on Form S-8 of our report dated January 25, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of Universal Forest Products, Inc. for the year ended December 26, 1998.

DELOITTE & TOUCHE LLP
Grand Rapids, Michigan
March 25, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED DECEMBER 26, 1998.

1,000
U.S. DOLLARS

YEAR	
	DEC-26-1998
	DEC-28-1997
	DEC-26-1998
	1
	920
	0
	66,386
	3,540
	108,399
	181,877
	193,375
	61,389
	420,070
	82,018
	125,500
	0
	0
	20,710
	170,873
	420,070
	1,238,907
	1,239,289
	1,089,693
	97,056
	0
	0
	9,506
	43,034
	16,615
	52,158
	0
	0
	0
	26,419
	1.33
	1.28