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BUTLER MANUFACTURING CO
Form 11-K
June 30, 2003

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

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934.
For the Plan year ended December 31, 2002

OR

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

COMMISSION FILE NUMBER 001-12335

A. Full title of the plan and the address of the plan if different from that of
the issuer named below:

BUTLER MANUFACTURING COMPANY
GALESBURG HOURLY EMPLOYEE SAVINGS TRUST PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of
its principal executive office:

BUTLER MANUFACTURING COMPANY
1540 GENESSEE STREET
KANSAS CITY, MO 64102

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INDEPENDENT AUDITORS' REPORT

The Retirement Administrative Committee
Butler Manufacturing Company:

We have audited the accompanying statements of net assets available for benefits of the Butler Manufacturing Company Galesburg Hourly Employee Savings Trust Plan (the Plan) as of December 31, 2002, and 2001, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2002, and 2001, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Kansas City, Missouri
May 30, 2003

BUTLER MANUFACTURING COMPANY
GALESBURG HOURLY EMPLOYEE SAVINGS TRUST PLAN

EIN: 44-0188420
PN: 042

Statements of Net Assets Available for Benefits

December 31, 2002 and 2001

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	2002 -----	2001 -----
Assets:		
Investments:		
Fidelity Management Trust Company:		
Managed Income Portfolio	\$ 962,357	887,993
Puritan Fund	1,474,677	1,534,049
Magellan Fund	1,704,005	2,210,387
Equity Income Fund	795,276	947,571
Retirement Money Market Trust	1,583,308	1,427,267
Aggressive Growth Fund	55,846	83,354
Freedom 2000 Funds	94,550	94,974
U.S. Bond Index Fund	141,089	97,731
Other	84,048	59,814
Butler common stock fund	83,407	111,149
Participant loans outstanding	374,563	425,891
	-----	-----
Total investments	7,353,126	7,880,180
	-----	-----
Receivables:		
Employee contributions receivable	13,537	62,121
	-----	-----
Total receivables	13,537	62,121
	-----	-----
Net assets available for benefits	\$7,366,663	7,942,301
	=====	=====

See accompanying notes to financial statements.

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BUTLER MANUFACTURING COMPANY
GALESBURG HOURLY EMPLOYEE SAVINGS TRUST PLAN

EIN: 44-0188420
PN: 042

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2002 and 2001

	2002 -----
Contributions:	
Employee	\$ 777,261
Employer	5,850

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Total contributions	783,111
Investment income:	
Net depreciation in fair value of investments	(964,431)
Interest and dividends	189,609
Other:	
Distributions	(571,218)
Administrative expenses	(11,014)
Net transfers to another employer-sponsored fund	(1,695)

Increase (decrease) in net assets available for benefits	(575,638)
Net assets available for benefits:	
Beginning of year	7,942,301

End of year	\$ 7,366,663
	=====

See accompanying notes to financial statements.

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BUTLER MANUFACTURING COMPANY
GALESBURG HOURLY EMPLOYEE SAVINGS TRUST PLAN

EIN: 44-0188420

PN: 042

Notes to Financial Statements

December 31, 2002 and 2001

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) GENERAL

In 1991, Butler Manufacturing Company (the Company) established the Galesburg Hourly Employee Savings Trust (the Plan), which is administered by the administrative committee. The investments of the Plan are in the custody of Fidelity Institutional Retirement Services Company. The trustee of the Plan is the Fidelity Management Trust Company (Fidelity), which has been appointed by the administrative committee and thereby holds all assets of the Plan in the Butler Master Savings Plan Trust (Master Trust). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the plan

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document for more complete information.

(B) BASIS OF PRESENTATION

The Plan's financial statements are presented on the accrual basis of accounting and present the net assets available for benefits and changes in those net assets. Benefit payments to participants are recorded when paid.

(C) ASSETS HELD IN MASTER TRUST

All assets of the Plan are held in the Master Trust and are specifically allocated to each individual plan by participant. Plan assets and changes in plan assets held in trust have been reported by Fidelity based on the fair value of the investments.

The fair value of marketable securities is based upon quotations from national securities exchanges; where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms. When the fair value of securities is not available, the securities are stated at their estimated fair value. Securities transactions are accounted for on the trade date (the date the order to buy or sell is executed).

Investments, which exceeded 5% of the net assets available for benefits at December 31, 2002, and 2001, are shown individually in the statements of net assets available for benefits.

(D) ADMINISTRATIVE EXPENSES

The expenses incurred by the administrative committee of the Plan in administering plan activity and the expenses incurred by Fidelity in administering the trust may be paid from the assets of the Plan or by the Company, as the Company elects.

(E) ELIGIBILITY

All full-time Galesburg union hourly employees of the Company, having completed four months of employment, are eligible to participate in the Plan.

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Notes to Financial Statements

December 31, 2002 and 2001

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(F) VESTING

All eligible employees participating in the Plan are immediately 100% vested in employer and participant contributions.

(G) TERMINATION

Although it has expressed no intention to do so, the Company's board of directors may terminate the Plan at any time, subject to the provisions of ERISA. If the Plan is terminated, each participant's account balance will be, at the discretion of the Company, distributed in a lump sum or held in trust to be distributed upon each participant's retirement, death, disability, or termination of employment.

(H) USE OF ESTIMATES

The Plan utilizes a number of estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(2) CONTRIBUTIONS

Employees may contribute to the Plan from 1 to 20% of their compensation in 1% increments, subject to applicable Internal Revenue Service (IRS) regulations. Participants may direct investments of their contribution in 1% increments among the funds established by the Company. The Company can elect to provide a matching contribution out of the Galesburg gain-sharing plan in an amount no greater than 25% of employee contributions. This match is limited to 6% of employee compensation. This match is applicable only to employees who are active employees on December 31, except in cases of retirement, disability, or death, if the Company has made a company-matching contribution under the Butler Manufacturing Company 401(k) Employee Savings Trust Plan.

(3) DISTRIBUTIONS

If a participant retires on or after attaining age 55, becomes totally or permanently disabled, dies, or terminates employment for any other reason, the full value of the account becomes distributable. If the value of the amount distributable exceeds \$5,000, the distribution cannot be made until the participant reaches age 65 or gives consent to the distribution.

All distributions must be made prior to April 1 of the calendar year immediately following the date the participant reaches age 70 1/2, even if still employed. All distributions shall be made in a single payment of cash.

Distributions payable to vested participants at December 31, 2002, and 2001 were \$67,041 and \$37,250, respectively. These distributions are not recorded as a liability in the accompanying financial statements; however, they are recorded as a liability of the Plan for purposes of the Plan's Form 5500.

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BUTLER MANUFACTURING COMPANY GALESBURG HOURLY EMPLOYEE SAVINGS TRUST PLAN

EIN: 44-0188420
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Notes to Financial Statements

December 31, 2002 and 2001

(4) IN-SERVICE WITHDRAWALS

Employee contributions, in part or in total, may be withdrawn for extreme financial hardships. Such financial hardships include college costs, excessive medical expenses, the purchase of a principal residence, or to prevent eviction from a principal residence.

(5) LOANS TO PARTICIPANTS

At the discretion of the administrative committee, loans may be made to a participant up to the lesser of \$50,000 or 50% of the value of the participant's account. No loan may be for an amount less than \$1,000. Loans are secured by an assignment of the participant's total account balance in the Plan. Loan maturities may not be less than one year nor exceed five years, except for home loans. Interest rates will be set by the administrative committee in accordance with uniform procedures consistently applied in a manner which does not discriminate in favor of officers, shareholders, or highly compensated participants.

(6) ASSETS HELD IN MASTER TRUST

The net assets of the Master Trust available for all participating plans at December 31, 2002, and 2001 are as follows:

	2002	2001
	-----	-----
Assets:		
Investments:		
Short-term investments	\$ 13,705,245	12,657,351
Fixed income funds	13,732,231	11,868,079
Domestic equities funds	57,629,522	68,108,401
International equities funds	1,461,344	1,507,679
Butler common stock fund	2,765,984	3,321,973
Participant loans outstanding, at interest rates ranging from 9% to 10%	3,010,882	3,161,823
	-----	-----
	92,305,208	100,625,306
Receivables:		
Employee contribution receivable	33,174	619,833
Employer contribution receivable		1,663,035
	-----	-----
Total net assets available for benefits	\$ 92,338,382	102,908,174
	=====	=====

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BUTLER MANUFACTURING COMPANY
GALESBURG HOURLY EMPLOYEE SAVINGS TRUST PLAN

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PN: 042

Notes to Financial Statements

December 31, 2002 and 2001

The changes in net assets of the Master Trust for the years ended December 31, 2002, and 2001 are as follows:

	2002	2001
	-----	-----
Additions:		
Employer contributions	\$ 6,737	1,716,159
Employee contributions	8,967,929	9,023,088
Rollovers	54,532	52,760
Interest and dividend income	2,185,031	3,262,692
	-----	-----
Total additions	11,214,229	14,054,699
Change in fair value of investments:		
Mutual funds	(14,676,585)	(9,870,542)
Butler common stock fund	(1,136,126)	319,158
	-----	-----
Total change in fair value of investments	(15,812,711)	(9,551,384)
Deductions:		
Distributions	(5,886,614)	(7,045,615)
Administrative expenses	(84,696)	(84,599)
	-----	-----
Total deductions	(5,971,310)	(7,130,214)
	-----	-----
Net decrease	(10,569,792)	(2,626,899)
Net assets available for benefits:		
Beginning of year	102,908,174	105,535,073
	-----	-----
End of year	\$ 92,338,382	102,908,174
	=====	=====

(7) INVESTMENT PORTFOLIO RISK

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The Plan provides for various investments, which, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

(8) FEDERAL INCOME TAXES

The Plan has received a favorable determination letter, dated July 16, 2002, from the IRS, qualifying the Plan under the Internal Revenue Code and exempting the trust from Federal income taxes. The Plan has been amended since receiving the determination letter. The plan administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes is included in these financial statements.

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BUTLER MANUFACTURING COMPANY
GALESBURG HOURLY EMPLOYEE SAVINGS TRUST PLAN

EIN: 44-0188420
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Notes to Financial Statements

December 31, 2002 and 2001

(9) FORM 5500 RECONCILIATION

The reconciliation of the net assets available for benefits between the financial statements and the Form 5500 as of December 31, 2002, and 2001 is as follows:

	2002	2001
	-----	-----
Net assets available for benefits per the financial statements	\$ 7,366,663	7,942,3
Benefit obligations currently payable	(67,041)	(37,2
	-----	-----
Net assets available per the Form 5500	\$ 7,299,622	7,905,0
	=====	=====

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2002, to the Form 5500.

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Benefits paid to participants per the financial statements	\$ 571,218
Amounts currently payable at December 31, 2002	67,041
Amounts currently payable at December 31, 2001	(37,250)

Benefits paid to participants per the Form 5500	\$ 601,009
	=====

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BUTLER MANUFACTURING COMPANY
GALESBURG HOURLY EMPLOYEE SAVINGS TRUST

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

June 30, 2003

Date

/s/ Larry C. Miller

Larry C. Miller
Vice President - Finance,
and Chief Financial Officer

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EXHIBIT INDEX

EXHIBIT NO. EXHIBIT DESCRIPTION

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99.1
99.2

Independent Auditors' Consent
Certification of Periodic Report
Certification of Periodic Report