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

FORM 10-Q

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

For the quarterly period ended June 26, 1999

OR

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

Commission File Number 0-22684

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

Michigan	38-1465835
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
2801 East Beltline NE, Grand Rapids, Michigan	49525
(Address of principal executive offices)	(Zip Code)

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

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

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

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

Class	Outstanding as of August 1, 1999
Common stock, no par value	20,777,239

INDEX

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

(in thousands, except share data)

	June 26, 1999	December 26, 1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,441	$ 920
Accounts receivable (net of allowance for doubtful accounts of $4,550 and $3,540)	112,341	62,846
Inventories:		
Raw materials	46,328	36,856
Finished goods	89,931	71,543
	136,259	108,399
Other current assets	6,966	9,712
TOTAL CURRENT ASSETS	257,007	181,877
OTHER ASSETS	10,432	10,978
GOODWILL AND NON-COMPETE AGREEMENTS, NET	94,351	95,229
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment, at cost	211,970	193,375
Accumulated depreciation and amortization	(67,910)	(61,389)
PROPERTY, PLANT AND EQUIPMENT, NET	144,060	131,986
	$ 505,850	$ 420,070
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	$ 2,208	$ 1,997
Accounts payable	65,214	38,751
Accrued liabilities:		
Compensation and benefits	23,880	28,025
Other	10,429	3,485
Current portion of long-term debt and capital lease obligations	8,566	9,760
TOTAL CURRENT LIABILITIES	110,297	82,018
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	171,804	132,120
DEFERRED INCOME TAXES	8,100	8,100
OTHER LIABILITIES	6,948	6,249
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, 20,773,042 and 20,710,263	20,773	20,710
Additional paid-in capital	78,178	77,526
Retained earnings	110,644	95,221
Accumulated other comprehensive earnings	(257)	(1,072)
	209,338	192,385
Officers' stock notes receivable	(637)	(802)
	208,701	191,583
	$ 505,850	$ 420,070

See notes to consolidated condensed financial statements.

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

(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 26, 1999	June 27, 1998	June 26, 1999	June 27, 1998
NET SALES	$ 446,751	$ 388,677	$ 746,931	$ 626,874
COST OF GOODS SOLD	391,013	342,362	649,976	556,067
GROSS PROFIT	55,738	46,315	96,955	70,807
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	31,560	25,251	61,433	42,440
EARNINGS FROM OPERATIONS	24,178	21,064	35,522	28,367
OTHER EXPENSE (INCOME):				
Interest expense	3,318	3,060	6,237	4,732
Interest income	(143)	(44)	(280)	(79)
Other, net	(224)	(97)	(378)	(141)
TOTAL OTHER EXPENSE	2,951	2,919	5,579	4,512
EARNINGS BEFORE INCOME TAXES	21,227	18,145	29,943	23,855
INCOME TAXES	8,479	7,022	11,834	9,155
NET EARNINGS	$ 12,748	$ 11,123	$ 18,109	$ 14,700
EARNINGS PER SHARE - BASIC	$ 0.61	$ 0.54	$ 0.87	$ 0.77
EARNINGS PER SHARE - DILUTED	$ 0.60	$ 0.52	$ 0.85	$ 0.74
WEIGHTED AVERAGE SHARES OUTSTANDING	20,745	20,677	20,727	19,126
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	21,291	21,391	21,353	19,831

See notes to consolidated condensed financial statements.

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

(in thousands)

	Six Months Ended	
	June 26, 1999	June 27, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 18,109	$ 14,700
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation and amortization	7,535	5,363
Amortization of non-compete agreements and goodwill	1,592	924
(Gain) loss on disposal of property, plant and equipment	(89)	46
Stock Gift and Stock Grant Program expense	37	21
Changes in:		
Accounts receivable	(49,494)	(37,247)
Inventories	(27,861)	3,086
Other	228	(335)
Accounts payable	26,462	13,820
Accrued liabilities	5,425	6,755
NET CASH FROM OPERATING ACTIVITIES	(18,056)	7,133
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection of notes receivable	1,642	94
Purchase of notes receivable	(139)	
Purchases of property, plant and equipment	(21,153)	(10,513)
Proceeds from sale of property, plant and equipment	1,633	199
Business acquisitions, net of cash received		(92,931)
Purchases of other assets	(98)	(190)
NET CASH FROM INVESTING ACTIVITIES	(18,115)	(103,341)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings of notes payable and revolving credit facilities	26,131	115,900
Proceeds from issuance of common stock	785	364
Proceeds from issuance of long-term debt	20,306	
Cash dividends paid	(728)	(725)
Repayment of long-term debt	(7,736)	(14,926)
Repurchase of common stock	(2,066)	
NET OF CASH FROM FINANCING ACTIVITIES	36,692	100,613
NET INCREASE IN CASH AND CASH EQUIVALENTS	521	4,405
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	920	3,157
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,441	$ 7,562
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 6,111	$ 4,502
Income taxes	4,800	4,513
NON-CASH INVESTING ACTIVITIES:		
Note payable issued in exchange for non-compete agreements		$ 2,373
Note payable issued in business combination		820
Property, plant and equipment acquired through capital leases		179
Fair market value of common stock issued in business combinations		50,511

See notes to consolidated condensed financial statements.

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(in thousands, except share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Earnings	Officers' Stock Notes Receivable	Total
BALANCE AS OF 12/26/98................	$ 20,710	$ 77,526	$ 95,221	($ 1,072)	($ 802)	$ 191,583
Comprehensive earnings:						
Net earnings....................			5,361			
Foreign currency translation adjustment....................				303		
Total comprehensive earnings......						5,664
Issuance of 5,237 shares..........	6	92				98
Repurchase of 50,000 shares.......	(50)		(887)			(937)
Payments received on officers' stock notes receivable..........					153	153
BALANCE AS OF 3/27/99................	$ 20,666	$ 77,618	$ 99,695	($ 769)	($ 649)	$ 196,561
Comprehensive earnings:						
Net earnings....................			12,748			
Foreign currency translation adjustment....................				512		
Total comprehensive earnings......						13,260
Dividends paid....................			(728)			(728)
Issuance of 164,743 shares........	164	560				724
Repurchase of 57,201 shares.......	(57)		(1,071)			(1,128)
Payments received on officers' stock notes receivable..........					12	12
BALANCE AS OF 6/26/99................	$ 20,773	$ 78,178	$ 110,644	($ 257)	($ 637)	$ 208,701

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(in thousands, except share data)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Earnings	Officers' Stock Notes Receivable	Total
BALANCE AS OF 12/27/97................	$ 17,572	$ 29,855	$ 70,253	($ 882)	($ 900)	$ 115,898
Comprehensive earnings:						
Net earnings.....................			3,577			
Foreign currency translation adjustment.....................				266		
Total comprehensive earnings.......						3,843
Issuance of 4,585 shares...........	5	51				56
Payments received on officers' stock notes receivable...........					66	66
BALANCE AS OF 3/28/98..................	$ 17,577	$ 29,906	$ 73,830	($ 616)	($ 834)	$ 119,863
Comprehensive earnings:						
Net earnings.....................			11,123			
Foreign currency translation adjustment.....................				(131)		
Total comprehensive earnings.......						10,992
Dividend paid......................			(725)			(725)
Issuance of 3,123,090 shares.......	3,123	47,482				50,605
Payments received on officers' stock notes receivable...........					16	16
BALANCE AS OF 6/27/98..................	$ 20,700	$ 77,388	$ 84,228	($ 747)	($ 818)	$ 180,751

See notes to consolidated condensed financial statements.

UNIVERSAL FOREST PRODUCTS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

A. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated condensed financial statements (the "Financial Statements") of Universal Forest Products, Inc. and its wholly-owned and majority-owned subsidiaries and partnerships (together, the "Company"), have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, the Financial Statements do not include all of the information and footnotes normally included in the annual consolidated financial statements prepared in accordance with generally accepted accounting principles. All significant intercompany accounts and transactions have been eliminated in consolidation. The equity method of accounting has been used for the Company's 50% or less owned affiliates over which the Company has the ability to exercise a significant influence.

In the opinion of management, the Financial Statements contain all material adjustments necessary to present fairly the consolidated financial position, results of operations and cash flows of the Company for the interim periods presented. All such adjustments are of a normal recurring nature. These Financial Statements should be read in conjunction with the financial statements, and footnotes thereto, included in the Company's Annual Report to Shareholders on Form 10-K for the fiscal year ended December 26, 1998.

Certain reclassifications have been made to the consolidated condensed financial statements for 1998 to conform to the classifications used in 1999.

B. EARNINGS PER COMMON SHARE

A reconciliation of the changes in the numerator and the denominator from the calculation of basic EPS to the calculation of diluted EPS follows (in thousands, except per share data).

	Three Months Ended 6/26/99			Three Months Ended 6/27/98		
	Net Earnings (Numerator)	Shares (Denominator)	Per Share Amount	Net Earnings (Numerator)	Shares (Denominator)	Per Share Amount
EPS - BASIC						
Net earnings available to common shareholders............	$ 12,748	20,745	$0.61	$11,123	20,677	$0.54
EFFECT OF DILUTIVE SECURITIES						
Options........................		546			714	

UNIVERSAL FOREST PRODUCTS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - CONTINUED

EPS - DILUTED Net earnings available to common shareholders and options exercised.............	$ 12,748	21,291	$0.60	$11,123	21,391	$0.52

	Six Months Ended 6/26/99			Six Months Ended 6/27/98		
	Net Earnings (Numerator)	Shares (Denominator)	Per Share Amount	Net Earnings (Numerator)	Shares (Denominator)	Per Share Amount
EPS - BASIC Net earnings available to common shareholders...........	$ 18,109	20,727	$0.87	$ 14,700	19,126	$0.77
EFFECT OF DILUTIVE SECURITIES Options........................		626			705	
EPS - DILUTED Net earnings available to common shareholders and options exercised.............	$ 18,109	21,353	$0.85	$ 14,700	19,831	$0.74

Options to purchase 423,135 shares of common stock at exercise prices ranging from $19.75 to $36.01 were outstanding at June 26, 1999, 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.

C. STOCK OPTIONS AND STOCK-BASED COMPENSATION

In January 1999, the Company granted incentive stock options for 231,161 shares of common stock under its Long Term Stock Incentive Plan. Options were granted to employees and officers of the Company at exercise prices ranging from $19.75 to $36.01, which equaled or exceeded the market value of the stock on the date of each grant. The options are exercisable on various dates from 2002 through 2014, and the option recipients must be employed by the Company at the time of exercise. Options for 105,370 shares related to all plans were canceled during the period.

In January 1998, the Company granted incentive stock options for 346,506 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 $13.1875 to $24.4600, 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.

UNIVERSAL FOREST PRODUCTS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - CONTINUED

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 $17.4375 to $31.300, 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.

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 1999 and 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 thousands, except per share amounts).

	Three Months Ended		Six Months Ended	
	June 26, 1999	June 27, 1998	June 26, 1999	June 27, 1998
Net Earnings:				
As Reported..............	$12,748	$11,123	$18,109	$14,700
Pro Forma................	12,613	11,042	17,839	14,538
EPS - Basic:				
As Reported..............	$0.61	$0.54	$0.87	$0.77
Pro Forma................	$0.61	$0.53	$0.86	$0.76
EPS - Diluted:				
As Reported..............	$0.60	$0.52	$0.85	$0.74
Pro Forma................	$0.59	$0.52	$0.84	$0.73

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 1999 and 1998 was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

	1999	1998
Risk Free Interest Rate.............	6.20%	6.20%
Expected Life.......................	6.3 years	8.0 years
Expected Volatility.................	27.75%	28.35%
Expected Dividend Yield.............	0.40%	0.41%

UNIVERSAL FOREST PRODUCTS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - CONTINUED

D. BUSINESS COMBINATIONS

In 1998, the Company completed several business combinations which have been accounted for using the purchase method of accounting. 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.

The following unaudited pro forma consolidated results of operations for the three and six month periods ended June 27, 1998 assumes the acquisitions of Shoffner Industries, Inc. and Advanced Component Systems, Inc. and its affiliates, occurred on December 27, 1997 (in thousands, except per share data). The pro forma effects of other acquisitions are not included because they are not material individually, or in the aggregate.

	Three Months Ended June 27, 1998	Six Months Ended June 27, 1998
Net sales	$388,677	$657,094
Net earnings	11,123	15,267
Earnings per share:		
Basic	$0.54	$0.69
Diluted	$0.52	$0.67
Weighted average shares outstanding:		
Basic	20,677	22,126
Diluted	21,391	22,831

The pro forma results above include certain adjustments to give effect to amortization of goodwill, interest expense, compensation of management, certain other adjustments, and related income tax effects. The pro forma results are not necessarily indicative of the operating results that would have occurred had the acquisitions been completed as of the beginning of the period presented, nor are they necessarily indicative of future operating results.

UNIVERSAL FOREST PRODUCTS, INC.

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 the Company's management 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.

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.

UNIVERSAL FOREST PRODUCTS, INC.

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

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.

Consolidation:

The Company is witnessing consolidation and a reduction in the number of customers in various markets it serves. These consolidations will result in a larger portion of Company sales being made to some customers. The long term effects of this consolidation are unknown, but could impact the Company's margins on some product lines.

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 volume 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 six months ended June 26, 1999 and June 27, 1998:

UNIVERSAL FOREST PRODUCTS, INC.

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

	Random Lengths Average $/MBF	
	1999	1998
January	370	360
February	386	375
March	394	369
April	393	369
May	421	331
June	454	332
Second quarter average	423	344
Year-to-date average	403	356
Second quarter percentage increase	22.9%	
Year-to-date percentage increase	13.2%	

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"). In the second quarter of 1999, the Lumber Market was 22.9% higher than it was during the same period of 1998. However, Southern Yellow Pine ("SYP"), a species which comprises up to 50% of the Company's volume, increased only 7% in the second quarter of 1999 compared to the same period of 1998. A SYP composite price, prepared and used by the Company in managing the business, is as follows:

	Random Lengths SYP Average $/MBF	
	1999	1998
January	471	499
February	497	525
March	513	550
April	498	541
May	517	482
June	563	450
Second quarter average	526	491
Year-to-date average	510	508
Second quarter percentage increase	7.1%	

UNIVERSAL FOREST PRODUCTS, INC.

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

Year-to-date percentage increase......................	0.4%

The effects of the Lumber Market on the Company's results of operations are discussed below under the captions "Net Sales" and "Cost of Goods Sold and Gross Profit."

SEASONALITY

The Company's business is seasonal in nature and results of operations vary from quarter to quarter. The demand for many of the Company's treated lumber and outdoor specialty products, such as fencing, decking and lattice, experience the greatest seasonal effects. Sales of treated lumber, primarily consisting of SYP, 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.

RESULTS OF OPERATIONS

The following table presents, for the periods indicated, the components of the Company's Consolidated Statement of Earnings as a percentage of net sales.

	For the Three Months Ended		For the Six Months Ended	
	June 26, 1999	June 27, 1998	June 26, 1999	June 27, 1998
Net sales..................................	100.0%	100.0%	100.0%	100.0%
Cost of goods sold.........................	87.5	88.1	87.0	88.7
Gross profit...............................	12.5	11.9	13.0	11.3
Selling, general, and administrative expenses..................	7.1	6.5	8.2	6.8

UNIVERSAL FOREST PRODUCTS, INC.

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

Earnings from operations	5.4	5.4	4.8	4.5
Other expense, net	0.6	0.7	0.8	0.7
Earnings before income taxes	4.8	4.7	4.0	3.8
Income taxes	1.9	1.8	1.6	1.5
Net earnings	2.9%	2.9%	2.4%	2.3%

NET SALES

The Company manufactures, treats and distributes lumber and other building-related 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 trusses, wall panels and I-joists.

- 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%.

- Increasing unit sales to each of the Company's other markets, DIY and manufactured housing.

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 narrative and tables which follow.

UNIVERSAL FOREST PRODUCTS, INC.

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

The following table presents, for the periods indicated, the Company's net sales (in thousands) and percentage of total net sales by market classification.

	For the Three Months Ended				For the Six Months Ended			
Market Classification	June 26, 1999	%	June 27, 1998	%	June 26, 1999	%	June 27, 1998	%
DIY	$236,912	53.0%	$207,922	53.5%	$357,068	47.8%	$308,742	49.3%
Manufactured Housing	108,811	24.4	104,500	26.9	205,079	27.5	199,620	31.8
Site-Built Construction	53,858	12.1	34,698	8.9	101,374	13.6	43,497	6.9
Wholesale Lumber	22,304	5.0	20,859	5.4	38,406	5.1	38,990	6.2
Industrial	24,866	5.5	20,698	5.3	45,004	6.0	36,025	5.8
Total	$446,751	100.0%	$388,677	100.0%	$746,931	100.0%	$626,874	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.

Net sales in the second quarter of 1999 increased $58.1 million, or 15%, compared to the second quarter of 1998, reflecting an increase in units shipped combined with an increase in overall selling prices. The increase in units shipped was primarily driven by sales from plants serving the site-built construction market and additional business with the Company's largest DIY customer. Overall selling prices increased due to the Lumber Market (see pages 15 and 16). Net sales in the first six months of 1999 increased $120.1 million, or 19%, compared to the same period of 1998. This sales increase was primarily due to several businesses acquired in the first six months of 1998, combined with increased sales to the Company's largest DIY customer.

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

	Three Months Ended		Six Months Ended	
	June 26, 1999	June 27, 1998	June 26, 1999	June 27, 1998
Value-Added	36.7%	40.1%	38.5%	38.3%
Commodity-Based	63.3%	59.9%	61.5%	61.7%

DIY:

Net sales to the DIY market increased approximately $29.0 million, or 14%, in the second quarter of 1999 compared to the second quarter of 1998. Net sales for the first six months of 1999 increased $48.3 million, or 16%. Approximately $14 million and $23 million of the quarterly and

UNIVERSAL FOREST PRODUCTS, INC.

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

year-to-date increases, respectively, were due to new treating plants which commenced operations in 1999. Sales from Shoffner Industries, L.L.C. ("Shoffner") acquired on March 30, 1998, also contributed to the year-to-date increase. Existing operations (operations that were part of the Company since the beginning of 1998) primarily increased sales by adding business with the Company's largest customer. The overall increase in DIY sales is offset by a reduction in sales to three other customers due to more restrictive credit terms imposed by the Company and competitive factors. As a result, the percentage of the Company's sales with its largest DIY customer continues to increase.

Manufactured Housing:

Net sales to the manufactured housing market increased approximately $4.3 million, or 4%, in the second quarter of 1999 compared to the second quarter of 1998. Net sales for the first six months of 1999 increased approximately $5.5 million, or 3%, compared to the same period of 1998. These overall increases were primarily due to an increase in overall selling prices as a result of a higher Lumber Market. Spruce-pine-fir is the species predominantly used for products sold to this market, the costs of which were up considerably during the 1999 periods. In addition, recent data suggests that this industry is showing signs of a slowdown, which will impact the Company's sales to this market.

Site-Built Construction Market:

Net sales to the site-built construction market increased approximately $19.2 million and $57.9 million in the second quarter and first six months of 1999, respectively, compared to the same periods of 1998, primarily due to increased sales from business acquired in 1998 consisting of Nascor, Shoffner, Advanced Component Systems, Inc. ("ACS") and Structural Lumber Products, Inc. ("SLP"). Sales increases from Shoffner, ACS and SLP are generally due to a combination of strong housing markets and increased market share in their respective regions.

Wholesale:

Net sales to the wholesale market increased approximately $1.4 million, or 7%, in the second quarter of 1999 compared to the same period of 1998. Net sales decreased $0.5 million, or 1%, for the first six months of 1999 compared to the same period of 1998. The slight increase in sales for the second quarter and decrease for the first six months of 1999 is primarily due to increased selling prices associated with a higher Lumber Market, offset by a decrease in unit sales. The Company is not emphasizing this market in its strategic initiatives because products sold in this market are primarily commodity-based and increasingly put the Company in competition with its vendor mills.

UNIVERSAL FOREST PRODUCTS, INC.

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

Industrial:

Net sales to the industrial market increased approximately $4.0 million and $9.0 million in the second quarter and first six months of 1999, respectively, compared to the same periods of 1998. These increases are primarily due to the acquisition of Industrial Lumber Company in June, 1998.

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales increased to 12.5% in the second quarter of 1999 compared to 11.9% in the second quarter of 1998. Gross profit as a percentage of net sales increased to 13.0% for the first six months of 1999 compared to 11.3% for the same period of 1998. The increases were primarily due to a combination of the following factors:

- Higher margins on the sale of certain commodity-based products, primarily due to an upward trend in the Lumber Market in 1999.

- Increased sales of engineered wood products.

- Increased sales and improved margins on specialty wood packaging products and components sold to the industrial market in the Company's Far West Region.

The favorable effects discussed above were partially offset by a decline in sales of fencing, lattice and other outdoor specialty products due to competitive factors.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative ("SG&A") expenses increased approximately $6.3 million, or 25%, comparing the second quarter of 1999 to the same period of 1998. SG&A for the first six months of 1999 increased approximately $19 million, or 45%, compared to the same period of 1998. The quarterly increase was primarily due to:

- Expenses added through business acquisitions and other new operations. These expenses totaled $1.2 million in the second quarter of 1999.

- General increases in personnel and travel costs due to additional sales, marketing, engineering and management personnel to support the recent and future growth of the business.

- Increases in accrued incentive compensation expenses tied to profitability and return on investment objectives.

UNIVERSAL FOREST PRODUCTS, INC.

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

- Increases in direct selling and marketing expenses tied to sales, such as sales incentives and bad debt expense.

Additional factors contributing to the year-to-date increase include the final costs of a research and development project and amortization of goodwill and non-compete agreements as a result of business acquisitions. In addition, the ratio of SG&A to sales during this period increased substantially to 8.2% in 1999 from 6.8% in 1998 due to acquired businesses that supply products to the site-built construction market. These businesses require substantial engineering costs relative to sales.

OTHER EXPENSE, NET

Other expense, net is primarily comprised of interest expense and interest income. Net interest costs (interest expense less interest income) increased approximately $0.2 million and $1.3 million comparing the second quarter and first six months of 1999 and 1998, respectively. The year-to-date increase is primarily due to acquisition-related debt incurred throughout 1998.

INCOME TAXES

The Company's effective tax rate was 39.9% in the second quarter of 1999 compared to 38.7% in the second quarter of 1998. This increase is primarily due to estimated 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 operates. The Company's effective tax rate for the first six months of 1999 was 39.5% compared to 38.4% for the same period of 1998, due to the same factors discussed above plus a permanent tax difference resulting from a business acquisition.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows USED IN operating activities in the first six months of 1999 totaled approximately $18.1 million compared to cash flows PROVIDED BY operating activities of $7.1 million in the same period of 1998. The decrease in cash from operating activities was primarily due to a greater investment in working capital as a result of business growth, offset by an increase in earnings, depreciation, and amortization expenses as a result of 1998 business acquisitions.

Due to the seasonality of its 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 the best indicator of its working capital management. The Company's cash cycle decreased to 42 days during the first six months of 1999 from 47 days during the first six months of 1998, primarily due to improved inventory management throughout the first half of 1999.

UNIVERSAL FOREST PRODUCTS, INC.

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

In the first half of 1998, the Company carried higher levels of inventory in relationship to sales than was necessary. Since that time, plant management improved its control over this area.

Capital expenditures totaled $21.2 million in the first six months of 1999 compared to $10.5 million in the same period of 1998. The increase was primarily due to an increase in new facilities purchased during the first six months of 1999 and an investment in a fractional ownership of an airplane. The purchase price for the new facilities totaled almost $10.1 million. The remaining amounts spent in the period were primarily for expanding production capacity and replacing and/or upgrading certain equipment. The Company expects to spend between $14 million and $19 million on capital expenditures for the balance of 1999, primarily to expand its operations into new regions. On June 26, 1999, outstanding purchase commitments on capital projects totaled approximately $7.7 million. The Company intends to satisfy these commitments utilizing its revolving credit facility.

The Company has not completed any business acquisitions during the first six months of 1999. It continues to focus on assimilating the acquisitions it completed in 1998, while also investigating other potential targets.

Cash flows provided by financing activities totaled approximately $36.7 million in the first six months of 1999 compared to $100.6 million in the same period of 1998. The decrease was due to not having accumulated any acquisition-related debt during 1999, offset by greater working capital requirements and higher capital expenditures in the first six months of 1999.

On June 26, 1999, the Company had $42.3 million outstanding on its $175 million revolving credit facility. The Company experiences its greatest working capital requirements during the period from March through July.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

The Company is self-insured for environmental impairment liability, and accrues for the estimated cost of monitoring or remedial activities. As of August 1, 1999, the Company owns and/or operates twenty facilities throughout the United States that treat lumber products with a chemical preservative. In accordance with applicable federal, state and local environmental laws, ordinances and regulations, the Company may be potentially liable for costs and expenses related to the environmental condition of the Company's real property. The Company has established reserves for remedial activities at its North East, MD; Union City, GA; Stockertown, PA; Elizabeth City, NC; and Schertz, TX facilities. During the second quarter of 1999, the Company completed its remedial activities at its Granger, IN facility.

The Company has accrued, in other current and long-term liabilities, amounts totaling $2.3 million and $2.0 million at June 26, 1999 and June 27, 1998 for the activities described above.

UNIVERSAL FOREST PRODUCTS, INC.

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

Management 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 was originally planned for an April completion, but due to priorities in other areas, it is expected to be completed in September 1999. Incremental costs associated with this review are still expected to total $50,000, while no costs have been incurred year-to-date. 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.

UNIVERSAL FOREST PRODUCTS, INC.

PART II. OTHER INFORMATION

Item 2. Changes in Securities.

(a) None.

(b) None.

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

	Date of Sale	Class of Stock	Number of Shares	Purchasers	Consideration Received
Stock Option Exercises	04/30/99	Common	160,000	Eligible officers	$640,000
Employee Stock Gift Program	Various	Common	50	Eligible employees	None

UNIVERSAL FOREST PRODUCTS, INC. AND SUBSIDIARIES

PART II. OTHER INFORMATION

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

The following matters were voted upon at the Company's Annual Meeting of Shareholders on April 28, 1999.

(1) Election of the following Directors for three year terms expiring in 2001:

	For	Withheld
John C. Canepa	15,932,963	110,128
Carroll M. Shoffner	15,932,963	110,128
Louis A. Smith	15,932,963	110,128

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

Peter F. Secchia
Richard M. DeVos
John W. Garside
William G. Currie
Phillp M. Novell

SIGNATURE

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

UNIVERSAL FOREST PRODUCTS, INC.

Date: August 6, 1999 By: /s/ William G. Currie
William G. Currie
Its: President and Chief Executive Officer

Date: August 6, 1999 By: /s/ Elizabeth A. Nickels
Elizabeth A. Nickels
Its: Executive Vice President of Finance and Administration and Treasurer (Principal Financial Officer)

UNIVERSAL FOREST PRODUCTS, INC.

EXHIBIT INDEX

6-MOS
DEC-25-1999
DEC-27-1998
JUN-26-1999
1,441
0
116,890
4,549
136,259
257,007
211,970
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