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, 2004

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

Indicate by checkmark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Exchange Act). 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 June 26, 2004
Common stock, no par value	17,886,770

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

(in thousands, except share data)

	June 26, 2004	December 27, 2003	June 28, 2003
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 25,080	$ 17,430	$ 20,574
Accounts receivable (net of allowances of $3,119, $1,891 and $3,123)	246,850	137,660	200,033
Inventories:			
Raw materials	123,411	83,064	78,071
Finished goods	104,044	86,497	88,671
	227,455	169,561	166,742
Insurance receivable	3,143		
Other current assets	8,666	9,836	5,424
TOTAL CURRENT ASSETS	511,194	334,487	392,773
OTHER ASSETS	6,974	6,421	6,401
GOODWILL	126,775	125,028	124,395
NON-COMPETE AND LICENSING AGREEMENTS (net of accumulated amortization of $4,821, $4,003 and $3,331)	5,973	6,791	7,463
PROPERTY, PLANT AND EQUIPMENT:			
Property, plant and equipment	363,557	361,368	347,685
Accumulated depreciation and amortization	(155,415)	(147,164)	(136,408)
PROPERTY, PLANT AND EQUIPMENT, NET	208,142	214,204	211,277
TOTAL ASSETS	$ 859,058	$686,931	$742,309
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term debt		$ 1,726	$ 1,679
Accounts payable	$ 134,739	81,687	110,001
Accrued liabilities:			
Compensation and benefits	45,476	47,150	36,488
Other	25,941	6,723	15,913
Current portion of long-term debt and capital lease obligations	498	6,411	6,271
TOTAL CURRENT LIABILITIES	206,654	143,697	170,352
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	287,387	205,049	255,975
DEFERRED INCOME TAXES	16,423	15,984	12,656
MINORITY INTEREST	7,541	7,780	7,818
OTHER LIABILITIES	9,353	9,317	9,345
TOTAL LIABILITIES	527,358	381,827	456,146

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS - CONTINUED

	June 26, 2004	December 27, 2003	June 28, 2003
SHAREHOLDERS' EQUITY:			
Preferred stock, no par value; shares authorized 1,000,000; issued and outstanding, none			
Common stock, no par value; shares authorized 40,000,000; issued and outstanding, 17,886,770, 17,777,631 and 17,702,255\	$ 17,887	$ 17,778	$ 17,702
Additional paid-in capital	86,744	84,610	83,358
Deferred stock compensation	3,253	2,447	2,352
Retained earnings	225,046	200,745	183,178
Accumulated other comprehensive earnings	406	1,396	1,627
	333,336	306,976	288,217
Employee stock notes receivable	(1,636)	(1,872)	(2,054)
TOTAL SHAREHOLDERS' EQUITY	331,700	305,104	286,163
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 859,058	$686,931	$742,309

See notes to consolidated condensed financial statements.

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

(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
NET SALES	$ 742,568	$ 552,463	$ 1,208,233	$ 908,082
COST OF GOODS SOLD	649,747	473,721	1,059,051	777,536
GROSS PROFIT	92,821	78,742	149,182	130,546
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	56,082	46,697	100,011	86,885
EARNINGS FROM OPERATIONS	36,739	32,045	49,171	43,661
OTHER EXPENSE (INCOME):				
Interest expense	3,869	3,958	7,411	7,745
Interest income	(102)	(84)	(185)	(131)
Net gain on sale of real estate and interest in subsidiary	(575)		(944)	
	3,192	3,874	6,282	7,614
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	33,547	28,171	42,889	36,047
INCOME TAXES	12,645	10,458	16,289	13,249
EARNINGS BEFORE MINORITY INTEREST	20,902	17,713	26,600	22,798
MINORITY INTEREST	(1,146)	(551)	(1,277)	(1,136)
NET EARNINGS	$ 19,756	$ 17,162	$ 25,323	$ 21,662
EARNINGS PER SHARE - BASIC	$ 1.09	$ 0.97	$ 1.41	$ 1.22
EARNINGS PER SHARE - DILUTED	$ 1.06	$ 0.94	$ 1.35	$ 1.19
WEIGHTED AVERAGE SHARES OUTSTANDING	18,050	17,741	17,994	17,735
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,702	18,193	18,694	18,222

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, 2004	Six Months Ended June 28, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 25,323	$ 21,662
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	13,408	12,202
Amortization of intangibles	940	1,033
Deferred income taxes	366	(1,438)
Minority interest	1,277	1,136
Loss on sale of interest in subsidiary	193	
Net (gain) loss on sale or impairment of property, plant, and equipment	(730)	640
Changes in:		
Accounts receivable	(110,873)	(94,237)
Inventories	(56,963)	(736)
Accounts payable	54,711	52,039
Accrued liabilities and other	19,535	10,974
NET CASH FROM OPERATING ACTIVITIES	(52,813)	3,275
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(16,607)	(20,689)
Purchase of licensing agreement		(150)
Acquisitions, net of cash received	(10,075)	(187)
Proceeds from sale of interest in subsidiary	4,679	
Proceeds from sale of property, plant and equipment	3,287	1,147
Other assets, net	1,678	1,961
NET CASH FROM INVESTING ACTIVITIES	(17,038)	(17,918)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings of short-term debt and long-term revolving credit facilities	83,062	26,437
Repayment of long-term debt	(6,117)	(6,167)
Proceeds from issuance of common stock	1,828	873
Distributions to minority shareholder	(125)	(633)
Dividends paid to shareholders	(897)	(798)
Repurchase of common stock	(129)	(2,029)
Other	(121)	
NET CASH FROM FINANCING ACTIVITIES	77,501	17,683
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,650	3,040
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,430	17,534
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 25,080	$ 20,574
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 7,423	$ 7,610
Income taxes	1,004	1,428

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS - CONTINUED

	Six Months Ended	
	June 26, 2004	June 28, 2003
NON-CASH INVESTING ACTIVITIES:		
Note receivable exchanged for management fees to former subsidiary..............	$ 520	
Insurance receivable in exchange for property, plant and equipment destroyed in fire...	3,143	
Stock exchanged for employee stock notes receivable.............................	6	$ 887
Non-compete agreements with Chairman of the Board in exchange for future payments...		856
NON-CASH FINANCING ACTIVITIES:		
Common stock issued to trust under deferred compensation plan...................	$ 716	$ 647
Common stock issued under stock gift plan.......................................	30	24
Common stock issued under directors' stock grant plan...........................	75	132

See notes to consolidated condensed financial statements.

A. BASIS OF PRESENTATION

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

In our opinion, the Financial Statements contain all material adjustments necessary to present fairly our consolidated financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature. These Financial Statements should be read in conjunction with the annual consolidated financial statements, and footnotes thereto, included in our Annual Report to Shareholders on Form 10-K, as amended, for the fiscal year ended December 27, 2003.

Certain reclassifications have been made to the Financial Statements for 2003 to conform to the classifications used in 2004.

B. COMPREHENSIVE INCOME

Comprehensive income consists of net income and foreign currency translation adjustments. Comprehensive income was approximately $19.5 million and $18.2 million for the quarter ended June 26, 2004 and June 28, 2003, respectively. During the six months ended June 26, 2004 and June 28, 2003, comprehensive income was approximately $24.3 million and $23.0 million, respectively.

C. EARNINGS PER COMMON SHARE

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

	Three Months Ended 06/26/04			Three Months Ended 06/28/03		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
NET EARNINGS	$19,756			$17,162		
EPS - BASIC						
Income available to common stockholders	19,756	18,050	$1.09	17,162	17,741	$0.97
EFFECT OF DILUTIVE SECURITIES						
Options		652			452	
EPS - DILUTED						
Income available to common stockholders and assumed options exercised	$19,756	18,702	$1.06	$17,162	18,193	$0.94

	Six Months Ended 06/26/04			Six Months Ended 06/28/03		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
NET EARNINGS	$25,323			$21,662		
EPS - BASIC						
Income available to common stockholders	25,323	17,994	$1.41	21,662	17,735	$1.22
EFFECT OF DILUTIVE SECURITIES						
Options		700			487	
EPS - DILUTED						
Income available to common stockholders and assumed options exercised	$25,323	18,694	$1.35	$21,662	18,222	$1.19

Options to purchase 40,000 shares of common stock at exercise prices ranging from $31.11 to $36.01 were outstanding at June 26, 2004, but were not included in the computation of diluted EPS for the quarter and six months ended June 26, 2004. The options' exercise prices were greater than the average market price of the common stock during the period and, therefore, would be antidilutive.

Options to purchase 863,073 shares of common stock at exercise prices ranging from $19.75 to $36.01 were outstanding at June 28, 2003, but were not included in the computation of diluted EPS for the quarter and six months ended June 28, 2003. The options' exercise prices were greater than the average market price of the common stock during the period and, therefore, would be antidilutive.

D. SALE OF ACCOUNTS RECEIVABLE

On September 25, 2003, we entered into an accounts receivable sale agreement with a bank. Under the terms of the agreement:

- We may sell specific receivables to the bank at an agreed-upon price at terms ranging from one month to one year.

- We will service the receivables sold and outstanding on behalf of the bank at a rate of .50% per annum.

- We will receive an incentive servicing fee, which we account for as a retained interest in the receivables sold. Our retained interest is determined based on the fair market value of anticipated collections in excess of the Agreed Base Value of the receivables sold. Appropriate valuation allowances are recorded against the retained interest.

- The maximum amount of receivables which may be sold and outstanding at any point in time under this arrangement is $33 million.

The master agreement has a one year term, which expires on September 24, 2004. On June 26, 2004, receivables that were sold and outstanding totaled $32.4 million and our retained interest totaled $2.4 million. A summary of the transactions we completed for the first six months of 2004 are presented below (in thousands).

	Six Months Ended June 26, 2004
Accounts receivable sold	$ 177,288
Retained interest in receivables	(2,432)
Expense from sale	(490)
Servicing fee received	106
Discounts and sales allowances	(1,545)
Net cash received from sale	$ 172,927

E. GOODWILL AND OTHER INTANGIBLE ASSETS

On June 26, 2004, non-compete assets totaled $7.9 million with accumulated amortization totaling $3.5 million, and licensing agreements totaled $2.9 million with accumulated amortization totaling $1.3 million. On June 28, 2003, non-compete assets totaled $7.9 million with accumulated amortization totaling $2.7 million, and licensing agreements totaled $2.9 million with accumulated amortization totaling $0.6 million.

Estimated amortization expense for intangible assets as of June 26, 2004 for each of the five succeeding fiscal years is as follows (in thousands):

2004	$ 817
2005	1,478
2006	1,302
2007	788
2008	486
Thereafter	1,102

The changes in the net carrying amount of goodwill for the six months ended June 26, 2004 and June 28, 2003 are as follows (in thousands):

Balance as of December 27, 2003	$ 125,028
Acquisition	4,381
Sale of interest in subsidiary	(2,169)
Other, net	(465)
Balance as of June 26, 2004	$ 126,775
Balance as of December 28, 2002	$ 126,299
Final purchase price allocation	(2,810)
Other, net	906
Balance as of June 28, 2003	$ 124,395

F. BUSINESS COMBINATIONS AND ASSET PURCHASES

On April 2, 2004, one of our subsidiaries acquired a 50% interest in Shawnlee Construction, LLC ("Shawnlee"), which provides framing services for multi-family construction, and is located in Plainville, MA. The purchase price was approximately $4.8 million. Shawnlee had net sales in fiscal 2003 totaling approximately $20 million. We have consolidated this entity, including a respective minority interest, because we exercise control. The purchase price allocation for this acquisition is preliminary and will be revised as final estimates of intangible asset values are made in accordance with SFAS 141, Business Combinations ("SFAS 141").

On March 15, 2004, one of our subsidiaries acquired the assets of Slaughter Industries, owned by International Paper Company ("Slaughter"), a facility which supplies the site-built construction market in Dallas, TX. The purchase price was approximately $3.9 million, which was allocated to the fair value of tangible net assets. Slaughter had net sales in fiscal 2003 totaling approximately $48 million.

On January 30, 2004, one of our subsidiaries acquired the assets of Midwest Building Systems, Inc. ("Midwest"), a facility which serves the site-built construction market in Indianapolis, IN. The purchase price was approximately $1.5 million, which was allocated to the fair value of tangible net assets. Midwest had net sales in fiscal 2003 totaling approximately $7 million.

On August 28, 2003, one of our subsidiaries acquired 50% of the assets of D&L Framing, LLC ("D&L"), a framing operation for multi-family construction located in Las Vegas, NV. The purchase price was approximately $0.6 million, which was primarily allocated to the fair value of tangible net assets. D&L had net sales in fiscal 2002 totaling approximately $8 million. We have consolidated this entity, including a respective minority interest, because we exercise control.

On August 26, 2003, one of our subsidiaries entered into an agreement with Quality Wood Treating Co., Inc. ("Quality") to cancel the treating services agreement completed on November 4, 2002 and purchase plants located in Lansing, MI and Janesville, WI and the equipment of a plant located in White Bear Lake, MN. The total purchase price for these assets was $5.1 million, which was allocated to the fair value of tangible net assets. In addition, another subsidiary entered into a capital lease for the real estate of the White Bear Lake, MN plant totaling $2.1 million.

On June 4, 2003, one of our subsidiaries acquired 75% of the assets of Norpac Construction LLC ("Norpac"), a concrete framer for multi-family construction located in Las Vegas, NV. The purchase price was approximately $0.2 million, which was primarily allocated to the fair value of tangible net assets. Norpac had net sales in fiscal 2002 totaling approximately $1.5 million. We have consolidated this entity, including a respective minority interest, because we exercise control.

Acquisitions completed in 2003 and 2004 were not significant to our operating results individually or in aggregate, and thus pro forma results are not presented.

G. EMPLOYEE STOCK NOTES RECEIVABLE

Employee stock notes receivable represents notes issued to us by certain employees and officers to finance the purchase of our common stock. Directors and executive officers (including equivalent positions) do not, and are not allowed to, participate in this program.

H. STOCK-BASED COMPENSATION

As permitted under SFAS No.123, Accounting for Stock-Based Compensation, ("SFAS 123"), we continue to apply the provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees, which recognizes compensation expense under the intrinsic value method. Had compensation cost for the stock options granted and stock purchased under the Employee Stock Purchase Plan in the first quarter and first six months of 2004 and 2003 been determined under the fair value based method defined in SFAS 123, our net earnings and earnings per share would have been reduced to the following pro forma amounts (in thousands, except per share data):

	Three Months Ended		Six Months Ended	
	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
Net Earnings:				
As reported	$ 19,756	$ 17,162	$ 25,323	$ 21,662
Deduct: compensation expense - fair value method	(453)	(456)	(903)	(910)
Pro Forma	$ 19,303	$ 16,706	$ 24,420	$ 20,752
EPS - Basic:				
As reported	$ 1.09	$ 0.97	$ 1.41	$ 1.22
Pro forma	$ 1.07	$ 0.94	$ 1.36	$ 1.17
EPS - Diluted:				
As reported	$ 1.06	$ 0.94	$ 1.35	$ 1.19
Pro forma	$ 1.04	$ 0.94	$ 1.32	$ 1.16

I. COMMITMENTS, CONTINGENCIES, AND GUARANTEES

We are insured for environmental impairment liability through a wholly owned subsidiary, UFP Insurance Ltd., a licensed captive insurance company. We own and operate a number of facilities throughout the United States that chemically treat lumber products. In connection with the ownership and operation of these and other real properties, and the disposal or treatment of hazardous or toxic substances, we may, under various federal, state and local environmental laws, ordinances and regulations, be potentially liable for removal and remediation costs, as well as other potential costs, damages and expenses. Insurance reserves, calculated primarily with no discount rate, have been established to cover remediation activities at our Union City, GA; Stockertown, PA; Elizabeth City, NC; Auburndale, FL; Schertz, TX; and Janesville, WI wood preservation facilities. In addition, a small reserve was established for our Thornton, CA property to remove asbestos and certain lead containing materials which existed on the property at the time of purchase.

Including amounts from the captive insurance company, we have reserved amounts totaling approximately $1.9 million on June 26, 2004 and June 28, 2003, representing the estimated costs to complete remediation efforts.

The manufacturers of CCA preservative voluntarily discontinued the registration of CCA for certain residential applications as of December 31, 2003. As a result, all of our wood preservation facilities have been converted to an alternate preservative, ACQ, or borates.

In November 2003, the EPA published its report on the risks associated with the use of CCA in children's playsets. While the study observed that the range of potential exposure to CCA increased by the continuous use of playsets, the EPA concluded that the risks were not sufficient to require removal or replacement of any CCA treated structures. The EPA did refer a question on the use of sealants to a scientific advisory panel. The panel issued a report which provides guidance to the EPA on the use of various sealants but does not mandate their use. The EPA is reviewing the report and is expected to issue further clarification.

The results of the EPA study are consistent with a prior Consumer Products Safety Commission (CPSC) study which reached a similar conclusion.

In addition, various special interest environmental groups have petitioned certain states requesting restrictions on the use or disposal of CCA treated products. The wood preservation industry trade groups are working with the individual states and their regulatory agencies to provide an accurate, factual background which demonstrates that the present method of uses and disposal is scientifically supported.

We have been requested by a customer to defend it from purported class action lawsuits filed against it in Florida, Louisiana, Texas, Illinois and New Jersey. The Florida claim was denied class action status, and all appeals have been denied. We had previously been dismissed as a defendant from the Louisiana litigation, and this case was denied class action status in March 2004. The remaining complaints do not allege personal injury or property damage. As previously stated, our vendors believe and scientific studies support the fact that CCA treated lumber poses no unreasonable risks, and we intend to vigorously defend this position. While our customer has charged us for certain expenses incurred in the defense of these claims, we have not formally accepted liability of these costs.

We believe the remaining claims are unsubstantiated by current facts and therefore have not accrued for any potential loss related to the contingencies above. However, potential liabilities of this nature are not conducive to precise estimates and are subject to change. To the extent we are required to defend these actions, we intend to do so vigorously.

In addition, on June 26, 2004, we were parties either as plaintiff or a defendant to a number of lawsuits and claims arising through the normal course of our business. In the opinion of management, our consolidated financial statements will not be materially affected by the outcome of these contingencies and claims.

On June 26, 2004, we had outstanding purchase commitments on capital projects of approximately $5.5 million.

We provide a variety of warranties for products we manufacture. Historically, warranty claims have not been material.

In certain cases we jointly bid on contracts with framing companies to supply building materials to site-built construction projects. In some of these instances we are required to post payment and performance bonds to insure the owner that the products and installation services are completed in accordance with our contractual obligations. We have agreed to indemnify the surety for claims made against the bonds. Historically, we have not had any claims for indemnity from our sureties. As of June 26, 2004, we had approximately $28.4 million in outstanding performance bonds which expire during the next six to sixteen months.

We have entered into operating leases for certain assets that include a guarantee of a portion of the residual value of the leased assets. If at the expiration of the initial lease term we do not exercise our option to purchase the leased assets and these assets are sold by the lessor for a price below a predetermined amount, we will reimburse the lessor for a certain portion of the shortfall. These operating leases will expire periodically over the next five years. The estimated maximum aggregate exposure of these guarantees is approximately $800,000.

Under our sale of accounts receivable agreement, we guarantee that Universal Forest Products RMS, LLC, as accounts servicer, will remit collections on receivables sold to the bank. (See Note D, "Sale of Accounts Receivable.")

On June 26, 2004, we had outstanding letters of credit totaling $32.1 million, primarily related to certain insurance contracts and industrial development revenue bonds, as further described below.

In lieu of cash deposits, we provide irrevocable letters of credit in favor of our insurers to guarantee our performance under certain insurance contracts. We currently have irrevocable letters of credit outstanding totaling approximately $13.8 million for these types of insurance arrangements. We have reserves recorded on our balance sheet, in accrued liabilities, that reflect our expected future liabilities under these insurance arrangements.

We are required to provide irrevocable letters of credit in favor of the bond trustees for all of the industrial development revenue bonds that we have issued. These letters of credit guarantee principal and interest payments to the bondholders. We currently have irrevocable letters of credit outstanding totaling approximately $18.3 million related to our outstanding industrial development revenue bonds. These letters of credit have varying terms but may be renewed at the option of the issuing banks.

Our wholly owned domestic subsidiaries have guaranteed the indebtedness of Universal Forest Products, Inc. in certain debt agreements, including the 1994 Senior Notes, Series 1998-A Senior Notes, Series 2002-A Senior Notes and our revolving credit facility. The maximum exposure of these guarantees is limited to the indebtedness outstanding under these debt arrangements and this exposure will expire concurrent with the expiration of the debt agreements.

We did not enter into any new guarantee arrangements during the second quarter of 2004 which would require us to recognize a liability on our balance sheet.

J. SALE OF REAL ESTATE AND INTEREST IN SUBSIDIARY

In January 2004, we sold our 60% ownership in Nascor Incorporated, a Calgary, Alberta-based manufacturer of engineered wood components and licensor of I-joist manufacturing technology. The total sales price we collected was $4.7 million and we recorded a pre-tax accounting loss of approximately $193,000.

In March 2004, we sold a plant in Bend, OR and recognized a pre-tax gain of approximately $562,000 on the sale in the first quarter and an additional $207,000 in the second quarter as we collected the note receivable issued to us on the sale.

In June 2004, we sold a plant in Modesto, CA and recognized a pre-tax gain of approximately $368,000.

We incurred income taxes associated with these transactions totaling approximately $722,000.

K. INSURANCE RECEIVABLE

In April 2004, our plant in Thorndale, Ontario was destroyed by a fire. In accordance with FIN 30, Accounting for Involuntary Conversions of Non-Monetary Assets to Monetary Assets, as of June 26, 2004, we have written off the net book value of the destroyed property to an insurance receivable. We currently estimate that the insured value of this property will exceed its net book value, resulting in a gain. We will record this gain once final insurance amounts are determined.

UNIVERSAL FOREST PRODUCTS, INC.

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

Included in this report are certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on the beliefs and assumptions of management, together with information available to us when the statements were made. Future results could differ materially from those included in such forward-looking statements as a result of, among other things, the factors set forth below and certain economic and business factors which may be beyond our control. Investors are cautioned that all forward-looking statements involve risks and uncertainty.

OVERVIEW

We are pleased to report strong results for the second quarter of 2004, which was highlighted by:

- Our strong sales growth in the site-built construction, industrial and manufactured housing markets as we increased our share in each. Our unit sales to the do-it-yourself/retail (DIY/retail) market declined due, in part, to poor weather in the Midwest, Texas and portions of the East.

- Our increase in shipments to the manufactured housing market. While HUD code industry production reports year-after-year declines, we continue to increase our shipments to modular producers.

- Higher lumber prices which elevated our sales dollars and required a greater investment in working capital. Our sales increased 34% for the quarter, and we estimate that 23% of this increase was due to higher lumber and chemical costs.

- Enhanced profitability in spite of challenges with one of our multi-family framing operations in the Southwest. The 15% increase in net earnings we achieved for the quarter surpassed our 11% increase in unit sales. Rising lumber prices in April and May on products whose selling prices are tied to the Lumber Market helped us improve our profitability.

- A fire that destroyed our site-built truss plant in Thorndale, Ontario. Although we maintained our service to customers by moving the work to other plants in the United States, transportation costs and operating inefficiencies resulted in greater costs.

We also made the following accomplishments, as our people remain focused on executing our growth strategy:

- We opened several new plants this year which are manufacturing engineered wood components and distributing other building materials for site-built construction. While these plants were in a startup phase and were not profitable in the second quarter of 2004, we currently believe they will achieve our long-term financial targets.

- We acquired a 50% interest in Shawnlee Construction LLC ("Shawnlee") on April 2, 2004. Shawnlee is the largest framer for the multi-family construction market in Massachusetts. This acquisition allows us to capitalize on customer requests for turnkey construction packages by supplying framing labor through Shawnlee and engineered wood components from our existing plants in the Northeast.

In summary, we remain optimistic about the future of our business, markets and strategies, and our employees remain focused on adding value for our customers, executing our strategies and meeting our goals.

RISK FACTORS

WE ARE SUBJECT TO FLUCTUATIONS IN THE PRICE OF LUMBER. We experience significant fluctuations in the cost of commodity lumber products from primary producers (the "Lumber Market"). A variety of factors over which we have no control, including government regulations, environmental regulations, weather conditions, economic conditions and natural disasters, impact the cost of lumber products and our selling prices. While we attempt to minimize our risk from severe price fluctuations, substantial, prolonged trends in lumber prices can negatively affect our sales volume, our gross margins and our profitability. We anticipate that these fluctuations will continue in the future.

OUR GROWTH MAY BE LIMITED BY THE MARKETS WE SERVE. Our sales growth is dependent, in part, upon the growth of the markets we serve. If our markets do not achieve anticipated growth, or if we fail to maintain our market share, financial results could be impaired.

The manufactured housing industry still suffers from difficult market conditions, including repossessions and tight credit conditions. Significant lenders who previously provided financing to consumers of these products and industry participants have either restricted credit or exited the market. While new lenders have announced intentions to enter this market, a continued shortage of financing to this industry could adversely affect our operating results.

Our ability to achieve growth in sales and margins to the site-built construction market is somewhat dependent on housing starts. If housing starts decline significantly, our financial results could be negatively impacted.

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

A SIGNIFICANT PORTION OF OUR SALES ARE CONCENTRATED WITH ONE CUSTOMER. Our sales to The Home Depot comprised 28% of our total sales in the first six months of 2004, down from 33% for the first six months of 2003.

OUR GROWTH MAY BE LIMITED BY OUR ABILITY TO MAKE SUCCESSFUL ACQUISITIONS. A key component of our growth strategy is to complete business combinations. Business combinations involve inherent risks, including assimilation and successfully managing growth. While we conduct extensive due diligence and have taken steps to ensure successful assimilation, factors beyond our control could influence the results of these acquisitions.

WE MAY BE ADVERSELY AFFECTED BY THE IMPACT OF ENVIRONMENTAL AND SAFETY REGULATIONS. We are subject to the requirements of federal, state and local environmental and occupational health and safety laws and regulations. There can be no assurance that we are at all times in complete compliance with all of these requirements. We have made and will continue to make capital and other expenditures to comply with environmental regulations. If additional laws and regulations are enacted in the future, which restrict our ability to manufacture and market our products, including our treated lumber products, it could adversely affect our sales and profits. If existing laws are interpreted differently, it could also increase our financial costs. Several states have proposed legislation to limit the uses of CCA treated lumber. (See Note I, "Commitments, Contingencies and Guarantees.")

SEASONALITY AND WEATHER CONDITIONS COULD ADVERSELY AFFECT US. Some aspects of our business are seasonal in nature and results of operations vary from quarter to quarter. Our treated lumber and outdoor specialty products, such as fencing, decking and lattice, experience the greatest seasonal effects. Sales of treated lumber, primarily consisting of Southern Yellow Pine ("SYP"), also experience the greatest Lumber Market risk (see "Historical Lumber Prices"). Treated lumber sales are generally at their highest levels between April and August. This sales peak, combined with capacity constraints in the wood treatment process, requires us to build our inventory of treated lumber throughout the winter and spring. (This also has an impact on our receivables balances, which tend to be significantly higher at the end of the second and third quarters.) Because sales prices of treated lumber products may be indexed to the Lumber Market at the time they are shipped, our profits can be negatively affected by prolonged declines in the Lumber Market during our primary selling season. To mitigate this risk, consignment inventory programs are negotiated with certain vendors that are intended to decrease our exposure to the Lumber Market by correlating the purchase price of the material with the related sell price to the customer. These programs include those materials which are most susceptible to adverse changes in the Lumber Market.

The majority of our products are used or installed in outdoor construction activities; therefore, short-term sales volume, our gross margins and our profits can be negatively affected by adverse weather conditions. In addition, adverse weather conditions can negatively impact our productivity and costs per unit.

WE CONVERTED TO A NEW PRESERVATIVE TO TREAT OUR PRODUCTS. The manufacturers of CCA preservative voluntarily discontinued the registration of CCA for certain residential applications as of December 31, 2003. As a result, all of our wood preservation facilities have been converted to an alternate preservative, ACQ, or borates. The cost of ACQ is more than four times higher than the cost of CCA. We coordinated with our chemical suppliers and conducted extensive training with our plants to achieve the quality and chemical efficiency standards necessary to maintain profitability and customer satisfaction. In addition, we estimate the new preservative will increase the cost and sales price of our treated products by approximately 10% to 15%. While we believe treated products will be reasonably priced relative to alternative products such as composites or vinyl, consumer acceptance may be impacted which would in turn affect our future operating results. (See Note I, "Commitments, Contingencies and Guarantees.")

CURRENTLY, MARKET CONDITIONS FOR THE SUPPLY OF CERTAIN LUMBER PRODUCTS AND INBOUND TRANSPORTATION ARE TIGHT. These conditions, which occur on occasion, have resulted in difficulties procuring desired quantities and receiving orders on a timely basis for all industry participants. We are not certain how these conditions may impact our short-term sales volumes and profitability. However, we attempt to mitigate the risks these conditions present by:

- Our pricing practices (see "Impact of the Lumber Market on Our Operating Results");

- Leveraging our size with mill and transportation suppliers to ensure they achieve supply and service requirements;

- Increasing our utilization of consigned inventory programs with mills; and

- Expanding our supply base of dedicated carriers.

When analyzing this report to assess our future performance, please recognize the potential impact of the various factors set forth above.

HISTORICAL LUMBER PRICES

The following table presents the Random Lengths framing lumber composite price for the six months ended June 26, 2004 and June 28, 2003:

	Random Lengths Composite Average $/MBF	
	2004	2003
January	$ 341	$278
February	376	295
March	382	277
April	431	283
May	456	278
June	423	303
Second quarter average	$ 437	$288
Year-to-date average	$ 402	$286
Second quarter percentage increase from 2003	51.7%	
Year-to-date percentage increase from 2003	40.6%	

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

	Random Lengths SYP Average $/MBF	
	2004	2003
January	$ 410	$387
February	436	394
March	487	392
April	532	410
May	535	385
June	498	384
Second quarter average	$ 522	$393
Year-to-date average	$ 483	$392
Second quarter percentage increase from 2003	32.8%	
Year-to-date percentage increase from 2003	23.2%	

IMPACT OF THE LUMBER MARKET ON OUR OPERATING RESULTS

We generally price our products to pass lumber costs through to our customers so that our profitability is based on the value-added manufacturing, distribution, engineering and other services we provide. As a result, our sales levels (and working capital requirements) are impacted by the lumber costs of our products.

Our gross margins are impacted by both (1) the relative level of the Lumber Market (i.e. whether prices are higher or lower from comparative periods), and (2) the trend in the market price of lumber (i.e. whether the price of lumber is increasing or decreasing within a period or from period to period). Moreover, as explained below, our products are priced differently. Some of our products have fixed selling prices, while the selling prices of other products are indexed to the reported Lumber Market with a fixed dollar adder to cover conversion costs and profits. Consequently, the level and trend of the Lumber Market impact our products differently.

Below is a general description of the primary ways in which our products are priced.

- Products with fixed selling prices. These products include value-added products such as decking and fencing sold to DIY/retail customers, as well as trusses, wall panels and other components sold to the site-built construction market, and most industrial packaging products. Prices for these products are generally fixed at the time of the sales quotation for a specified period of time or are based upon a specific quantity. In order to maintain margins and reduce any exposure to adverse trends in the price of component lumber products, we attempt to lock in costs for these sales commitments with our suppliers. Also, the time periods and quantity limitations generally allow us to reprice our products for changes in lumber costs from our suppliers.

- Products with selling prices indexed to the reported Lumber Market with a fixed dollar "adder" to cover conversion costs and profits. These products primarily include treated lumber, remanufactured lumber, and trusses sold to the manufactured housing industry. For these products, we estimate the customers' needs and carry anticipated levels of inventory. Because lumber costs are incurred in advance of final sale prices, subsequent increases or decreases in the market price of lumber impact our gross margins. For these products, our margins are exposed to changes in the trend of lumber prices.

Changes in the trend of lumber prices have their greatest impact on the following products:

- Products that have significant inventory levels with low turnover rates and whose selling prices are indexed to the Lumber Market, such as treated lumber, which comprises almost twenty-five percent of our total sales. In other words, the longer the period of time these products remain in inventory, the greater the exposure to changes in the price of lumber. This exposure is less significant with remanufactured lumber, trusses sold to the manufactured housing market and other similar products, due to the higher rate of inventory turnover. We attempt to mitigate this risk through certain vendor supply programs. (See "Risk Factors - Seasonality and weather conditions could adversely affect us.")

- Products with fixed selling prices sold under long-term supply arrangements, particularly those involving multi-family construction projects. We attempt to mitigate this risk through our purchasing practices.

In addition to the impact of the Lumber Market trends on gross margins, changes in the level of the market cause fluctuations in gross margins when comparing operating results from period to period. This is explained in the following example, which assumes the price of lumber has increased from period one to period two, with no changes in the trend within each period.

	Period 1	Period 2
Lumber cost	$ 300	$ 400
Conversion cost	50	50
= Product cost	350	450
Adder	50	50
= Sell price	400	500
Gross margin	12.5%	10.0%

As is apparent from the preceding example, the level of lumber prices does not impact our overall profits, but does impact our margins. Gross margins are negatively impacted during periods of high lumber prices; conversely, we experience margin improvement when lumber prices are relatively low.

BUSINESS COMBINATIONS AND ASSET PURCHASES

We completed the following business combinations and asset acquisitions in fiscal 2004 and fiscal 2003, which were accounted for using the purchase method. (See Note F, "Business Combinations and Asset Purchases.")

Company Name	Acquisition Date	Business Description
Shawnlee Construction, LLC	April 2, 2004	Provides framing services for multi-family construction in the Northeast.
Slaughter Industries	March 15, 2004	Distributes lumber products and manufactures engineered wood

		components for site-built construction. Located in Dallas, TX.
Midwest Building Systems, Inc.	January 30, 2004	Manufacturer of engineered wood components for site-built construction. Located in Indianapolis, IN.
D&L Framing, LLC	August 28, 2003	Framing operation for multi-family construction located in Las Vegas, NV.
Quality Wood Treating Co., Inc.	August 26, 2003	Two treating facilities in Lansing, MI and Janesville, WI and real estate lease of a third treating facility in White Bear Lake, MN.
Norpac Construction LLC	June 4, 2003	Concrete framer for multi-family construction located in Las Vegas, NV.

RESULTS OF OPERATIONS

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

	For the Three Months Ended		For the Six Months Ended	
	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	87.5	85.7	87.7	85.6
Gross profit	12.5	14.3	12.3	14.4
Selling, general, and administrative expenses	7.6	8.5	8.3	9.6
Earnings from operations	4.9	5.8	4.0	4.8
Interest, net	0.4	0.7	0.5	0.8
Gain on sale of real estate and interest in subsidiary	(0.1)	0.0	(0.1)	0.0
	0.3	0.7	0.4	0.8
Earnings before income taxes				

and minority interest	4.6	5.1	3.6	4.0
Income taxes	1.7	1.9	1.4	1.5
Earnings before minority interest....	2.9	3.2	2.2	2.5
Minority interest	(0.2)	(0.1)	(0.1)	(0.1)
Net earnings	2.7%	3.1%	2.1%	2.4%

NET SALES

We engineer, manufacture, treat, distribute and install lumber, composite, plastic, and other building products for the DIY/retail, site-built construction, manufactured housing, and industrial markets. Our strategic sales objectives include:

- Diversifying our end market sales mix by increasing sales of specialty wood packaging to industrial users and engineered wood components and framing services to the site-built construction market. Engineered wood components include roof trusses, wall panels and floor systems.

- Increasing sales of "value-added" products. Value-added product sales consist of fencing, decking, lattice and other specialty products sold to the DIY/retail market, specialty wood packaging, engineered wood components, and "wood alternative" products. Wood alternative products consist primarily of composite wood and plastics. One of our goals is to achieve a ratio of value-added sales to total sales of at least 50%. Although we consider the treatment of dimensional lumber with certain chemical preservatives a value-added process, treated lumber is not presently included in the value-added sales totals.

- Maximizing profitable top-line sales growth.

The following table presents, for the periods indicated, our net sales (in thousands) and change in net sales by market classification.

	For the Three Months Ended			For the Six Months Ended		
Market Classification	June 26, 2004	% Change	June 28, 2003	June 26, 2004	% Change	June 28, 2003
DIY/Retail	$ 344,582	14.0	$ 302,224	$ 523,491	14.2	$ 458,510
Site-Built Construction	170,325	68.2	101,242	285,163	60.0	178,237
Manufactured Housing	103,403	48.9	69,453	180,370	42.6	126,465
Industrial and Other	124,258	56.2	79,544	219,209	51.3	144,870
Total	$ 742,568		$ 552,463	$ 1,208,233		$ 908,082

Note: In the first quarter of 2004, we reviewed the classification of our customers and made certain reclassifications. Prior year information has been restated to reflect these reclassifications.

Net sales in the second quarter of 2004 increased 34% compared to the second quarter of 2003 resulting from an estimated increase in units shipped of approximately 11%, while overall selling prices increased by 23%. Overall selling prices increased as a result of the Lumber Market (see "Historical Lumber Prices") and higher preservative prices (ACQ). We estimate that our unit sales increased by 7% as a result of business acquisitions and new plants, while our unit sales out of existing facilities increased by 7%. Plant closures and the sale of Nascor Incorporated caused our unit sales to decrease by 3% in the second quarter of 2004.

Net sales in the first six months of 2004 increased 33% compared to the first six months of 2003 resulting from an estimated increase in units shipped of approximately 12%, while overall selling prices increased by 21%. Overall selling prices increased as a result of the Lumber Market (see "Historical Lumber Prices") and higher preservative prices (ACQ). We estimate that our unit sales increased by 6% as a result of business acquisitions and new plants while our unit sales out of existing facilities increased by 8%. Plant closures and the sale of Nascor Incorporated decreased our unit sales by 2% in the first six months of 2004.

DIY/Retail:

Net sales to the DIY/retail market increased 14% in the second quarter of 2004 compared to 2003, due to the higher Lumber Market and preservative prices. Our unit sales declined 7% comparing the two periods, which we believe was due to record precipitation in the Midwest, Texas and portions of the East that caused homeowners to delay home improvement projects. In addition, higher product costs for consumers, attributable to higher lumber prices and chemical costs, may have contributed to the decline in unit sales.

Net sales to the DIY/retail market increased 14% in the first six months of 2004 compared to 2003, due to the higher Lumber Market and preservative prices. Our unit sales declined 5% comparing the two periods due to poor second quarter weather and higher product costs for consumers, as discussed above.

Site-Built Construction:

Net sales to the site-built construction market increased 68% in the second quarter of 2004 compared to 2003, despite the sale of our interest in Nascor Incorporated. This increase resulted from acquisitions (see "Business Combinations and Asset Purchases") and new plants since June 28, 2003. Also, organic unit sales growth out of existing plants contributed approximately 19% for the quarter. In addition, we estimate the Lumber Market caused our selling prices to increase 18% this quarter.

Net sales to the site-built construction market increased 60% in the first six months of 2004 compared to 2003, despite the sale of our interest in Nascor Incorporated. This increase resulted from acquisitions and new plants since June 28, 2003, and organic unit sales growth out of existing plants totaling approximately 21% for the period. In addition, we estimate the Lumber Market caused our selling prices to increase 16% in the first six months of 2004.

Manufactured Housing:

Net sales to the manufactured housing market increased 49% in the second quarter of 2004 compared to the same period of 2003. This increase resulted primarily from an estimated 36% increase in selling prices due to the higher Lumber Market combined with a 13% increase in units shipped. Although industry production for HUD code homes was down approximately 4% for the quarter, we have increased our shipments to producers of modular homes.

Net sales to the manufactured housing market increased 43% in the first six months of 2004 compared to the same period of 2003. This increase resulted primarily from an estimated 30% increase in selling prices due to the higher Lumber Market combined with a 13% increase in units shipped. Although industry production for HUD code homes was down approximately 8% for the first six months, we have increased our shipments to producers of modular homes.

Industrial and Other:

Net sales to the industrial and other market increased 56% in the second quarter of 2004 compared to the same period of 2003. This increase resulted from a combination of unit sales increases out of several existing facilities totaling approximately 23%, combined with higher selling prices due to the Lumber Market. We believe our unit sales and market share continue to grow significantly due to our dedicated local sales teams and national sales support efforts, combined with our competitive advantages in manufacturing and purchasing.

Net sales to the industrial and other market increased 51% in the first six months of 2004 compared to the same period of 2003. This increase resulted from a combination of unit sales increases out of several existing facilities totaling approximately 23%, combined with higher selling prices due to the Lumber Market.

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

	Three Months Ended		Six Months Ended	
	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
Value-Added...........................	47.3%	49.0%	49.3%	51.5%
Commodity-Based.......................	52.7%	51.0%	50.7%	48.5%

Value-added sales increased 30% in the second quarter of 2004 compared to 2003, primarily due to increased sales of EverX (composite decking), engineered wood components, industrial packaging products and other specialty products supplied to the DIY/retail market. Commodity-based sales increased 39% during the second quarter of 2004 primarily due to the higher Lumber Market, higher preservative prices and a 2% increase in unit sales. Therefore, our decline in value-added sales as a percentage of total sales was due to the significant impact of the Lumber Market on selling prices of commodity-based products.

Value-added sales increased 27% in the first six months of 2004 compared to 2003, primarily due to increased sales of EverX (composite decking), engineered wood components, industrial packaging products and other specialty products supplied to the DIY/retail market. Commodity-based sales increased 39% during the first six months of 2004 primarily due to the higher Lumber Market, higher preservative prices and a 5% increase in unit sales.

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales decreased in the second quarter and first six months of 2004 compared to the same periods of 2003 due to the Lumber Market, which was substantially higher than the prior year. Generally, a higher Lumber Market results in a decrease in our gross margin (see "Impact of the Lumber Market on our Operating Results") because we attempt to price certain products to earn a fixed profit per unit. Therefore, in a period of higher lumber prices, our gross margin will decline. As a result of this factor, we believe a more meaningful analysis of our profitability is a comparison of the change in gross profit dollars compared to our change in units shipped. Our gross profit dollars increased by almost 18% in the second quarter of 2004, while units shipped increased by 11%. Our gross profit dollars increased by over 14% in the first six months of 2004, while units shipped increased by 12%. Our improved profitability for each of these periods was primarily due to the effect of the rising Lumber Market in April and May on products we inventory and whose selling prices are tied to the Lumber Market. This positive effect more than offset the operating inefficiencies we experienced from the fire at our plant in Thorndale, Ontario and poor results from one of our multi-family framing operations in the West. We believe we have taken appropriate actions to improve performance at this framing operation, including personnel changes. We do not presently believe this venture will have a material adverse effect on our future operating results.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative ("SG&A") expenses as a percentage of sales decreased to 7.6% in the second quarter of 2004 compared to 8.5% in the same period of 2003 primarily due to the impact of the Lumber Market on our selling prices. SG&A expenses increased by 20.1% in the second quarter of 2004 compared to the same period of 2003, which compares unfavorably with our 11% increase in unit sales, primarily due to higher incentive compensation costs tied to profits and return on investment and bad debt expense.

Selling, general and administrative ("SG&A") expenses as a percentage of sales decreased to 8.3% in the first six months of 2004 compared to 9.6% in the same period of 2003 primarily due to the impact of the Lumber Market on our selling prices. SG&A expenses increased by 15.1% in the first six months of 2004 compared to the same period of 2003, which compares unfavorably with our 12% increase in unit sales, primarily due to higher incentive compensation costs and bad debt expense.

INTEREST, NET

Net interest costs decreased in the second quarter and first six months of 2004 compared to the same periods of 2003. This decrease was due to a slightly lower average debt balance in 2004.

GAIN ON SALE OF REAL ESTATE AND INTEREST IN SUBSIDIARY

During the first quarter of 2004, we sold our interest in Nascor Incorporated ("Nascor") and recognized a loss of $0.2 million on the sale. Additionally, we sold a plant in Bend, OR, and recognized a gain of $0.6 million on the sale. We recorded income tax expense on these transactions totaling approximately $500,000.

During the second quarter, we recognized an additional gain of $0.2 million on the sale of the plant in Bend, OR as we collected the note receivable associated with the original sale. Additionally, we sold a plant in Modesto, CA, and recognized a gain of $0.4 million on the sale. We recorded income tax on these transactions totaling approximately $225,000.

INCOME TAXES

Effective tax rates differ from statutory federal income tax rates, primarily due to provisions for state and local income taxes and permanent tax differences. Our effective tax rate increased to 37.7% in the second quarter of 2004 from 37.1% in the same period of 2003 due to an estimated increase in certain permanent tax differences.

Our effective tax rate was 38.0% in the first six months of 2004 compared to 36.8% in the same period of 2003. The rate in 2003 was lower due to a permanent tax difference associated with the effect of minority interest in earnings of a subsidiary. In addition, we recorded $290,000 of estimated income tax on the sale of Nascor in January 2004.

OFF-BALANCE SHEET TRANSACTIONS

We have no significant off-balance sheet transactions other than operating leases.

LIQUIDITY AND CAPITAL RESOURCES

The table below presents, for the periods indicated, a summary of our cash flow statement (in thousands):

	June 26, 2004	June 28, 2003
Cash from operating activities	($ 52,813)	$ 3,275
Cash from investing activities	(17,038)	(17,918)
Cash from financing activities	77,501	17,683
Net change in cash and cash equivalents	7,650	3,040
Cash and cash equivalents, beginning of period	17,430	17,534
Cash and cash equivalents, end of period	$ 25,080	$ 20,574

In general, we financed our growth in the past through a combination of operating cash flows, our revolving credit facility ("revolver"), industrial development bonds (when circumstances permit), and issuance of long-term notes payable at times when interest rates are favorable. Historically, we have not issued equity to finance growth except in the case of a large acquisition. We manage our capital structure by attempting to maintain a targeted ratio of debt to equity and debt to operating cash flow. We believe this is one of the many important factors to maintaining a strong credit profile, which in turn helps ensure timely access to capital when needed.

Seasonality has a significant impact on our working capital from March to August which generally results in negative or modest cash flows from operations in our first and second quarters. We experience a substantial decrease in working capital from September to February which results in significant cash flow from operations in our third and fourth quarters. For comparative purposes, we have included the June 28, 2003 balances in the accompanying unaudited consolidated condensed balance sheets.

Due to the seasonality of our business and the effects of the Lumber Market, we believe our cash cycle (days sales outstanding plus days supply of inventory less days payables outstanding) is a good indicator of our working capital management. Our cash cycle decreased to 46 days in the first six months of 2004 from 49 days in the first six months of 2003, primarily due to a decrease in our days supply of inventory and an extension on our payables cycle.

Cash flows used for operating activities increased in the first six months of 2004 compared to the same period of 2003 by approximately $56 million. This increased use of cash was primarily due to the fact that we carried higher than normal inventory levels at the end of 2002 due to a combination of poor weather and opportunistic buying by our purchasing offices due to the low Lumber Market at that time. Since a portion of our seasonal investment in inventory occurred earlier than normal (at the end of 2002 instead of the first quarter of 2003), this had the effect of minimizing our seasonal use of cash in 2003.

Cash used for investing activities declined by $0.9 million in the first six months of 2004 compared to the same period of 2003. Capital expenditures decreased to $16.6 million in the first six months of 2004 compared to $20.7 million in the same period of 2003. In 2003, we spent a greater amount on expansionary projects. We expect to spend approximately $46 million on capital expenditures in 2004, which includes outstanding purchase commitments on capital projects totaling approximately $5.5 million on June 26, 2004 and $8 million, which does not include insurance proceeds we expect to collect, to rebuild our truss plant in Thorndale, Ontario. We intend to fund capital expenditures and purchase commitments through a combination of operating cash flow and availability under our revolver.

In addition, we spent approximately $10.1 million on business acquisitions (see Note F, "Business Combinations and Asset Purchases") during the first six months of 2004 and collected $4.7 million from the sale of our interest in Nascor Incorporated.

Cash provided by financing activities increased $59.8 million in the first six months of 2004 compared to the same period of 2003, due to increased borrowings under our revolver to support seasonal working capital requirements (see operating cash flows discussed above).

Additionally, we spent approximately $0.1 million to repurchase 4,050 shares of our common stock in the first six months of 2004. We have authorization from the Board of Directors to purchase an additional 1.5 million shares.

On June 26, 2004, we had $109.8 million outstanding on our $200 million revolver. The revolver also supports letters of credit totaling approximately $29.7 million on June 26, 2004. Financial covenants on our revolver and senior unsecured notes include a minimum net worth requirement, a minimum interest coverage test, a minimum fixed charge coverage test, and a maximum leverage ratio. The agreements also restrict the amount of additional indebtedness we may incur and the amount of assets which may be sold. We were within our requirements at June 26, 2004.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

See Notes to Consolidated Condensed Financial Statements, Note I, "Commitments, Contingencies, and Guarantees."

CRITICAL ACCOUNTING POLICIES

In preparing our consolidated financial statements, we follow accounting principles generally accepted in the United States. These principles require us to make certain estimates and apply judgments that affect our financial position and results of operations. We continually review our accounting policies and financial information disclosures. There have been no material changes in our policies or estimates since December 27, 2003.

NEW ACCOUNTING PRONOUNCEMENTS

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities," as revised in December 2003 (FIN 46(R)). The new rule requires that companies consolidate a variable interest entity if the company is subject to a majority of the risk of loss from the variable interest entity's activities, or is entitled to receive a majority of the entity's residual returns or both. We do not have any special purpose entities, as defined, nor have we acquired a variable interest in an entity where we were the primary beneficiary since January 31, 2003. The implementation of Interpretation 46(R) did not have a material effect on the consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

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

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

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures. With the participation of management, our chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15 and 15d - 15) as of June 26, 2004, have concluded that, as of such date, our disclosure controls and procedures were adequate and effective to ensure that material information relating to us and our consolidated subsidiaries would be made known to them by others within those entities in connection with our filing of this second quarter report on Form 10-Q for the quarterly period ended June 26, 2004.

(b) Changes in Internal Controls. There were no significant changes in our internal controls over financial reporting (as such term is defined in Rules 13a - 15 and 15d - 15 under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds and Issuer Purchase of Equity Securities.

(a) None.

(b) None.

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

	Date of Sale	Class of Stock	Number of Shares	Consideration Purchasers	Exchanged
Stock Gift Program	Various	Common	402	Eligible persons	None
Employee Stock Purchase Assistance Program	03/31/04	Common	195	Eligible persons	Notes Receivable

(d) None.

(e) Issuer purchases of equity securities.

Fiscal Month	(a)	(b)	(c)	(d)
March 28 - May 1, 2004(1)	412	$30.71	412	1,550,587
May 2 - 29, 2004				1,550,587
May 30 - June 26, 2004				1,550,587

(a) Total number of shares purchased.

(b) Average price paid per share.

(c) Total number of shares purchased as part of publicly announced plans or programs.

(d) Maximum number of shares that may yet be purchased under the plans or programs.

(1) On October 21, 1998, the Board of Directors approved a share repurchase program (which succeeded a previous program) allowing us to repurchase up to 1.8 million shares of our common stock. On October 18, 2000 and November 14, 2001, the Board of Directors authorized an additional 1 million shares and 2.5 million shares, respectively, to be repurchased under the program. As of June 26, 2004, cumulative total authorized shares available for repurchase is 1.5 million shares.

PART II. OTHER INFORMATION

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

The following matters were voted upon at our Annual Meeting of Shareholders on April 21, 2004.

(1) Election of the following Director for a one year term expiring in 2005:

	For	Withheld
Philip M. Novell	14,274,829	925,841

Election of the following Directors for three year terms expiring in 2007:

William G. Currie	15,063,073	137,597
John M. Engler	14,739,203	461,467

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

Dan M. Dutton
John W. Garside
Gary F. Goode
Peter F. Secchia
Louis A. Smith

Item 5. Other Information.

In the second quarter of 2004, the Audit Committee approved non-audit services to be provided by our independent auditors, Ernst & Young LLP, totaling $350 for 2004.

UNIVERSAL FOREST PRODUCTS, INC.

PART II. OTHER INFORMATION

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

(a) The following exhibits (listed by number corresponding to the Exhibit Table as Item 601 in Regulation S-K) are filed with this report:

31(a) Certificate of the Chief Executive Officer of Universal Forest Products, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

31(b) Certificate of the Chief Financial Officer of Universal Forest Products, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

32(a) Certificate of the Chief Executive Officer of Universal Forest Products, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

32(b) Certificate of the Chief Financial Officer of Universal Forest Products, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

(b) During the second quarter, we filed a report on Form 8-K dated July 13, 2004, to report the issuance of a press release announcing our financial results for the second quarter ended June 26, 2004 under Item 7.

SIGNATURES

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

UNIVERSAL FOREST PRODUCTS, INC.

Date: July 23, 2004

By: /s/ William G. Currie

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

Date: July 23, 2004

By: /s/ Michael R. Cole

Michael R. Cole
Its: Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
31(a)	Certificate of the Chief Executive Officer of Universal Forest Products, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
31(b)	Certificate of the Chief Financial Officer of Universal Forest Products, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32(a)	Certificate of the Chief Executive Officer of Universal Forest Products, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32(b)	Certificate of the Chief Financial Officer of Universal Forest Products, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

Exhibit 31(a)

UNIVERSAL FOREST PRODUCTS, INC.

CERTIFICATION

I, William G. Currie, certify that:

1. I have reviewed this report on Form 10-Q of Universal Forest Products, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15e and 15d-15e) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of registrant's Board of Directors (or persons performing the equivalent function):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 23, 2004

/s/ William G. Currie

William G. Currie
Chief Executive Officer

Exhibit 31(b)

UNIVERSAL FOREST PRODUCTS, INC.

CERTIFICATION

I, Michael R. Cole, certify that:

6. I have reviewed this report on Form 10-Q of Universal Forest Products, Inc.;

7. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

8. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

9. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15e and 15d-15e) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

10. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of registrant's Board of Directors (or persons performing the equivalent function):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: Juy 23, 2004

/s/ Michael R. Cole

Michael R. Cole
Chief Financial Officer

Exhibit 32(a)

CERTIFICATE OF THE
CHIEF EXECUTIVE OFFICER OF
UNIVERSAL FOREST PRODUCTS, INC.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350):

I, William G. Currie, Chief Executive Officer of Universal Forest Products, Inc., certify, to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that:

(1) The quarterly report on Form 10-Q for the quarterly period ended June 26, 2004, which this statement accompanies, fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this quarterly report on Form 10-Q for the quarterly period ended June 26, 2004 fairly presents, in all material respects, the financial condition and results of operations of Universal Forest Products, Inc.

UNIVERSAL FOREST PRODUCTS, INC.

Date: July 23, 2004

By: /s/ William G. Currie

William G. Currie
Its: Chief Executive Officer

Exhibit 32(b)

CERTIFICATE OF THE
CHIEF FINANCIAL OFFICER OF
UNIVERSAL FOREST PRODUCTS, INC.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350):

I, Michael R. Cole, Chief Financial Officer of Universal Forest Products, Inc., certify, to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that:

(1) The quarterly report on Form 10-Q for the quarterly period ended June 26, 2004, which this statement accompanies, fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this quarterly report on Form 10-Q for the quarterly period ended June 26, 2004 fairly presents, in all material respects, the financial condition and results of operations of Universal Forest Products, Inc.

UNIVERSAL FOREST PRODUCTS, INC.

Date: July 23, 2004

By: /s/ Michael R. Cole

Michael R. Cole
Its: Chief Financial Officer