

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 September 23, 2000

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 November 1, 2000
-----	-----
Common stock, no par value	19,982,025

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	(b) No reports were filed on Form 8-K during the third quarter.

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

(in thousands, except share data)

	September 23, 2000 -----	December 25, 1999 -----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,780	\$ 4,106
Accounts receivable (net of allowance for doubtful accounts of \$1,383 and \$1,379)	100,430	70,012
Inventories:		
Raw materials	38,807	44,722
Finished goods	75,332	86,813
	-----	-----
Other current assets	114,139	131,535
	7,046	9,853
	-----	-----
TOTAL CURRENT ASSETS	229,395	215,506
OTHER ASSETS	11,446	10,836
GOODWILL AND NON-COMPETE AGREEMENTS, NET	106,547	93,183
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment	252,646	222,742
Accumulated depreciation and amortization	(84,370)	(73,629)
	-----	-----
PROPERTY, PLANT AND EQUIPMENT, NET	168,276	149,113
	-----	-----
TOTAL ASSETS	\$ 515,664	\$ 468,638
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	\$ 2,860	\$ 1,520
Accounts payable	54,510	46,621
Accrued liabilities:		
Compensation and benefits	26,551	32,491
Other	14,582	3,148
Current portion of long-term debt and capital lease obligations	7,291	7,402
	-----	-----
TOTAL CURRENT LIABILITIES	105,794	91,182
LONG-TERM DEBT AND CAPITAL LEASE		
OBLIGATIONS, less current portion	153,836	146,896
DEFERRED INCOME TAXES	8,548	8,398
OTHER LIABILITIES	9,482	7,600
	-----	-----
TOTAL LIABILITIES	277,660	254,076
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, 20,062,311 and 20,212,385	20,062	20,212
Additional paid-in capital	79,748	78,625
Retained earnings	138,324	115,327
Accumulated other comprehensive earnings	1,136	1,033
	-----	-----
Officers' stock notes receivable	239,270	215,197
	(1,266)	(635)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	238,004	214,562
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 515,664	\$ 468,638
	=====	=====

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		Nine Months Ended	
	September 23, 2000	September 25, 1999	September 23, 2000	September 25, 1999
NET SALES.....	\$ 371,030	\$ 388,402	\$1,106,680	\$1,135,333
COST OF GOODS SOLD.....	322,103	342,319	960,044	995,433
GROSS PROFIT.....	48,927	46,083	146,636	139,900
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.....	31,885	27,922	91,248	86,269
EARNINGS FROM OPERATIONS.....	17,042	18,161	55,388	53,631
INTEREST, NET:				
Interest expense.....	3,648	2,993	10,423	9,230
Interest income.....	(135)	(182)	(381)	(486)
	3,513	2,811	10,042	8,744
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE.....	13,529	15,350	45,346	44,887
INCOME TAXES.....	5,177	6,004	17,693	17,818
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS (LOSS) OF INVESTEE.....	8,352	9,346	27,653	27,069
MINORITY INTEREST.....	(144)	(144)	(474)	(278)
EQUITY IN EARNINGS (LOSS) OF INVESTEE.....	(60)	355	(33)	875
NET EARNINGS.....	\$ 8,148	\$ 9,557	\$ 27,146	\$ 27,666
EARNINGS PER SHARE - BASIC.....	\$ 0.40	\$ 0.46	\$ 1.35	\$ 1.33
EARNINGS PER SHARE - DILUTED.....	\$ 0.40	\$ 0.45	\$ 1.32	\$ 1.30
WEIGHTED AVERAGE SHARES OUTSTANDING.....	20,123	20,746	20,134	20,734
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS.....	20,481	21,265	20,502	21,324

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 12/25/99.....	\$ 20,212	\$ 78,625	\$ 115,327	\$ 1,033	(\$ 635)	\$ 214,562
Comprehensive earnings:						
Net earnings.....			6,081			
Foreign currency translation adjustment.....				154		
Total comprehensive earnings.....						6,235
Issuance of 7,296 shares.....	7	84				91
Repurchase of 159,500 shares.....	(159)		(1,889)			(2,048)
Payments received on officers' stock notes receivable.....					124	124
	-----	-----	-----	-----	-----	-----
BALANCE AS OF 03/25/00.....	\$ 20,060	\$ 78,709	\$ 119,519	\$ 1,187	(\$ 511)	\$ 218,964
Comprehensive earnings:						
Net earnings.....			12,917			
Foreign currency translation adjustment.....				(12)		
Total comprehensive earnings.....						12,905
Dividends paid.....			(808)			(808)
Issuance of 65,132 shares.....	65	251				316
Repurchase of 2,000 shares.....	(2)		(20)			(22)
Issuance of officers' stock notes receivable.....	61	740			(801)	0
Payments received on officers' stock notes receivable.....					38	38
	-----	-----	-----	-----	-----	-----
BALANCE AS OF 06/24/00	\$ 20,184	\$ 79,700	\$ 131,608	\$ 1,175	(\$ 1,274)	\$ 231,393
Comprehensive earnings:						
Net earnings.....			8,148			
Foreign currency translation adjustment.....				(39)		
Total comprehensive earnings.....						8,109
Issuance of 4,822 shares.....	4	48				52
Repurchase of 126,200 shares.....	(126)		(1,432)			(1,558)
Payments received on officers' stock notes receivable.....					8	8
	-----	-----	-----	-----	-----	-----
BALANCE AS OF 09/23/00.....	\$ 20,062	\$ 79,748	\$ 138,324	\$ 1,136	(\$ 1,266)	\$ 238,004
	=====	=====	=====	=====	=====	=====

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
Comprehensive earnings:						
Net earnings.....			9,557			
Foreign currency translation adjustment.....				233		
Total comprehensive earnings.....						9,790
Issuance of 4,247 shares.....	4	75				79
Repurchase of 100,000 shares.....	(100)		(1,609)			(1,709)
Payments received on officers' stock notes receivable.....					1	1
	-----	-----	-----	-----	-----	-----
BALANCE AS OF 9/25/99.....	\$ 20,677	\$ 78,253	\$ 118,592	(\$ 24)	(\$ 636)	\$ 216,862
	=====	=====	=====	=====	=====	=====

See notes to consolidated condensed financial statements.

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

(in thousands)

	Nine Months Ended	
	September 23, 2000	September 25, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 27,146	\$ 27,666
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation.....	12,361	11,301
Amortization of non-compete agreements and goodwill.....	2,673	2,423
(Gain) loss on sale of property, plant and equipment.....	72	(513)
Changes in:		
Accounts receivable.....	(21,470)	(32,491)
Inventories.....	22,053	(7,829)
Accounts payable.....	6,822	16,638
Accrued liabilities and other.....	7,901	5,514
NET CASH FROM OPERATING ACTIVITIES.....	57,558	22,709
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment.....	(23,677)	(27,508)
Business acquisitions, net of cash received.....	(32,561)	
Proceeds from sale of property, plant and equipment.....	642	2,491
Other.....	(816)	1,915
NET CASH FROM INVESTING ACTIVITIES.....	(56,412)	(23,102)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt.....	(7,535)	(9,919)
Proceeds from issuance of long-term debt.....	2,118	27,742
Net borrowings (repayments) of revolving credit facilities and notes payable.....	11,950	(4,984)
Cash dividends paid.....	(808)	(728)
Proceeds from issuance of common stock.....	431	863
Repurchase of common stock.....	(3,628)	(3,774)
NET CASH FROM FINANCING ACTIVITIES.....	2,528	9,200
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	3,674	8,807
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	4,106	920
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	\$ 7,780	\$ 9,727
	=====	=====
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest.....	\$ 7,776	\$ 6,929
Income taxes.....	7,624	14,824
NON-CASH FINANCING ACTIVITIES:		
Property, plant and equipment acquired through capital leases.....	\$ 220	
NON-CASH INVESTING ACTIVITIES:		
Stock exchanged for note receivable.....	\$ 801	

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 transactions and balances have been eliminated. The equity method of accounting has been used for the Company's less than 50% 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, and changes in shareholders' equity 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 consolidated financial statements, and footnotes thereto, included in the Company's Annual Report to Shareholders on Form 10-K for the fiscal year ended December 25, 1999.

Certain reclassifications have been made to the Financial Statements for 1999 to conform to the classifications used in 2000.

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 09/23/00			Three Months Ended 09/25/99		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
NET EARNINGS	\$ 8,148			\$ 9,557		
EPS - BASIC						
Income available to common stockholders	8,148	20,123	\$0.40 =====	9,557	20,746	\$0.46 =====
EFFECT OF DILUTIVE SECURITIES						
Options		358			519	
EPS - DILUTED						
Income available to common stockholders and assumed options exercised	\$ 8,148 =====	20,481 =====	\$0.40 =====	\$ 9,557 =====	21,265 =====	\$0.45 =====

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

	Nine Months Ended 09/23/00			Nine Months Ended 09/25/99		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
NET EARNINGS	\$27,146			\$27,666		
EPS - BASIC						
Income available to common stockholders	27,146	20,134	\$1.35 =====	27,666	20,734	\$1.33 =====
EFFECT OF DILUTIVE SECURITIES						
Options		368 -----			590 -----	
EPS - DILUTED						
Income available to common stockholders and assumed options exercised	\$27,146 =====	20,502 =====	\$1.32 =====	\$27,666 =====	21,324 =====	\$1.30 =====

Options to purchase 649,386 shares of common stock at exercise prices ranging from \$13.18 to \$36.01 were outstanding at September 23, 2000, but were not included in the computation of diluted EPS for the quarter and nine months ended September 23, 2000 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

Options to purchase 40,000 and 80,000 shares were granted during the nine months ended September 23, 2000 and September 25, 1999, respectively, at exercise prices which equaled or exceeded the market price on the date of grant. Weighted-average exercise prices were \$21.56 and \$29.25 for options granted during the nine month periods ended September 23, 2000 and September 25, 1999, respectively.

As permitted under Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," the Company continues to apply the provisions of APB Opinion No. 25 which recognizes compensation expense under the intrinsic value method. Had compensation cost for the stock options granted 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 data).

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

	Three Months Ended		Nine Months Ended	
	September 23, 2000	September 25, 1999	September 23, 2000	September 25, 1999
Net Earnings:				
As Reported.....	\$8,148	\$9,557	\$27,146	\$27,666
Pro Forma.....	7,981	9,418	26,665	27,252
EPS - Basic:				
As Reported.....	\$0.40	\$0.46	\$1.35	\$1.33
Pro Forma.....	\$0.40	\$0.45	\$1.32	\$1.31
EPS - Diluted:				
As Reported.....	\$0.40	\$0.45	\$1.32	\$1.30
Pro Forma.....	\$0.39	\$0.44	\$1.30	\$1.28

The fair value of each option granted in the nine months ended September 23, 2000 and September 25, 1999 is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted-average assumptions.

	2000	1999
	----	----
Risk Free Interest Rate.....	6.20%	6.20%
Expected Life.....	6.1 years	6.3 years
Expected Volatility.....	27.09%	27.75%
Expected Dividend Yield.....	0.40%	0.40%

Stock option activity for the nine months ended September 23, 2000 is as follows:

	Shares of Common Stock Attributable to Options	Weighted- Average Exercise Price of Options
	-----	-----
Outstanding on December 25, 1999	1,317,515	\$12.66
Granted	355,964	\$13.58
Exercised	0	n/a
Forfeited	(70,065)	\$16.42
	-----	-----
Outstanding on March 25, 2000	1,603,414	\$12.72
Granted	150,000	\$12.38
Exercised	(60,000)	\$4.25
Forfeited	(15,703)	\$15.23
	-----	-----
Outstanding on June 24, 2000	1,677,711	\$12.97
Granted	0	n/a
Exercised	0	n/a
Forfeited	(11,532)	\$14.48
	-----	-----
Outstanding on September 23, 2000	1,666,179	\$12.96
	=====	

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

The following table summarizes information concerning options on September 23, 2000 (there are no options exercisable at September 23, 2000):

Range of Exercise Prices -----	Number Outstanding -----	Weighted-Average Remaining Contractual Life -----
\$4.50 - \$10.00	592,500	3.64
\$10.01 - \$25.00	963,679	5.33
\$25.01 - \$36.01	110,000	11.27

	1,666,179	
	=====	

D. BUSINESS COMBINATIONS

On April 17, 2000, the Company acquired fifty percent of the stock of ECJW Holdings, Inc. which has two subsidiaries, Thorndale Roof Systems, Inc. and Edcor Floor Systems, Inc. ("TED"). Thorndale Roof Systems, Inc. manufactures engineered roof trusses for residential and light commercial building applications. Edcor Floor Systems, Inc. is a licensed manufacturer of the patented Open Joist 2000(TM) web floor truss system. Located in London, Ontario, both companies service Ontario, Eastern Michigan and Northern Ohio, including the major markets of Detroit and Toronto. The total purchase price for the stock of TED was approximately \$3.2 million, funded through the Company's revolving credit facility. This transaction has been accounted for as a purchase and, accordingly, the purchase price has been allocated to the assets acquired based on their estimated fair market values at the date of acquisition. The excess of the purchase price over the estimated fair value of the acquired assets, assumed liabilities and minority interest was \$2.3 million, and has been recorded as goodwill, to be amortized on a straight-line basis over 20 years. TED's results of operations are included in the Company's consolidated condensed financial statements since the date of acquisition.

On June 5, 2000, the Company acquired substantially all of the assets and assumed certain liabilities of Gang-Nail Components, Inc. ("Gang-Nail") of Fontana, CA, a manufacturer of engineered wood components. The new name of this operation is Universal Truss, Inc. ("UTI"). The total purchase price for the net assets was approximately \$29.4 million, funded through the Company's revolving credit facility. This transaction has been accounted for as a purchase and, accordingly, the purchase price has been allocated to the assets acquired based on their estimated fair market values at the date of acquisition. The excess of the purchase price over the estimated fair value of the acquired assets and assumed liabilities was \$13.4 million, and has been recorded as goodwill, to be amortized on a straight-line basis over 20 years. UTI's results of operations are included in the Company's consolidated condensed financial statements since the date of acquisition.

The following unaudited pro forma consolidated results of operations for the nine months ended September 23, 2000 and September 25, 1999 assumes the acquisitions of TED and Gang-Nail occurred as of the beginning of the periods presented (in thousands, except per share data).

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

	Nine Months Ended September 23, 2000 -----	Nine Months Ended September 25, 1999 -----
Net sales	\$1,125,711	\$1,162,770
Net earnings	27,926	29,528
Earnings per share:		
Basic	\$1.39	\$1.42
Diluted	\$1.36	\$1.38
Weighted average shares outstanding:		
Basic	20,134	20,734
Diluted	20,502	21,324

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. The forward-looking statements are based on the beliefs and assumptions of management of the Company together with information available to the Company 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 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 commodity 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. The Company attempts to minimize its risk from severe price fluctuations. However, prolonged trends in lumber prices can affect the Company's financial results. The Company anticipates that price fluctuations will continue in the future. Management utilizes the Random Lengths composite price (see "Fluctuations in Lumber Prices"), which is a weighted average of nine key framing lumber prices chosen from major producing areas and species, as a broad measure of price movement in the commodity lumber market ("Lumber Market").

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 of 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. Certain segments of the manufactured housing industry are hampered by market conditions, including an oversupply of product and tightened credit policies, which have impacted the Company's ability to achieve short-term growth objectives. A prolonged downturn in this market could adversely affect the Company's operating results.

UNIVERSAL FOREST PRODUCTS, INC.

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

Economic Trends:

Management believes the Company's 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, the Company's financial results could be impacted. One factor which could impact housing starts is an increase in mortgage interest rates.

Business Combinations:

A key component of the Company's growth strategy is to complete business combinations. Business combinations involve inherent risks, 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, like most companies, is witnessing consolidation by its customers. These consolidations will result in a larger portion of the Company's sales being made to some customers. Consolidation may limit the number of customers the Company is able to serve.

Government Regulations:

The Company is subject to a variety of government regulations which create a financial burden on the Company. If additional laws and regulations are enacted in the future, or if existing laws are interpreted differently, it could increase the financial cost to the Company.

Weather Conditions:

The majority of the Company's products are used in outdoor construction activities, therefore its short-term sales volume and profits can be negatively affected by adverse weather conditions. In addition, adverse weather conditions can negatively impact its productivity and costs per unit.

Seasonality:

Some aspects of the Company's business are seasonal in nature and results of operations vary from quarter to quarter. 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 Southern Yellow Pine ("SYP"), also experience the greatest Lumber Market risk. Treated lumber sales 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

UNIVERSAL FOREST PRODUCTS, INC.

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

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, programs are maintained with certain vendors and customers 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. Vendor programs also allow the Company to carry a lower investment in inventories.

E-Business/E-Commerce:

While the Company has invested heavily in technology and established electronic business-to-business efficiencies with certain customers and vendors, the willingness of customers and vendors to modify existing distribution strategies poses a potential risk. The Company believes the nature of its products, together with the value-added services the Company provides, ensures that it has a solid position in the supply chain.

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

BUSINESS COMBINATIONS

On April 17, 2000, the Company acquired fifty percent of the stock of ECJW Holdings, Inc. which has two subsidiaries, Thorndale Roof Systems, Inc. and Edcor Floor Systems, Inc. ("TED"). Thorndale Roof Systems, Inc. manufactures engineered roof trusses for residential and light commercial building applications. Edcor Floor Systems, Inc. is a licensed manufacturer of the patented Open Joist 2000(TM) web floor truss system. Located in London, Ontario, both companies service Ontario, Eastern Michigan and Northern Ohio, including the major markets of Detroit and Toronto. The total purchase price for the stock of TED was approximately \$3.2 million. TED had net sales in fiscal 1999 totaling \$11.2 million.

On June 5, 2000, the Company acquired substantially all of the assets and assumed certain liabilities of Gang-Nail Components, Inc. ("Gang-Nail") of Fontana, CA, a manufacturer of engineered wood components. The total purchase price for the net assets was approximately \$29.4 million. Gang-Nail had net sales in fiscal 1999 totaling \$41.7 million.

FLUCTUATIONS IN LUMBER PRICES

The following table presents the Random Lengths framing lumber composite price for the nine months ended September 23, 2000 and September 25, 1999:

UNIVERSAL FOREST PRODUCTS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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	Random Lengths Composite Average \$/MBF	
	2000	1999
January.....	\$386	\$370
February.....	385	386
March.....	382	394
April.....	359	393
May.....	326	421
June.....	331	454
July.....	308	480
August.....	289	404
September.....	287	392
Third quarter average.....	\$295	\$425
Year-to-date average.....	\$339	\$410
Third quarter percentage decrease from 1999.....	-30.6%	
Year-to-date percentage decrease from 1999.....	-17.3%	

In addition, a SYP composite price, prepared and used by the Company, is presented below. Sales of products produced using this species comprise up to fifty percent of the Company's sales volume.

	Random Lengths SYP Average \$/MBF	
	2000	1999
January.....	\$488	\$471
February.....	490	497
March.....	494	513
April	483	496
May.....	439	523
June.....	456	563
July.....	432	590
August.....	403	492
September.....	395	473
Third quarter average.....	\$410	\$518
Year-to-date average.....	\$453	\$513
Third quarter percentage decrease from 1999.....	-20.9%	
Year-to-date percentage decrease from 1999	-11.7%	

UNIVERSAL FOREST PRODUCTS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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The effects of the Lumber Market on the Company's results of operations are discussed below under the caption "Net Sales."

RESULTS OF OPERATIONS

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

	For the Three Months Ended		For the Nine Months Ended	
	September 23, 2000	September 25, 1999	September 23, 2000	September 25, 1999
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	86.8	88.1	86.8	87.7
	-----	-----	-----	-----
Gross profit	13.2	11.9	13.2	12.3
Selling, general, and administrative expenses	8.6	7.2	8.2	7.6
	-----	-----	-----	-----
Earnings from operations	4.6	4.7	5.0	4.7
Interest, net	1.0	0.7	0.9	0.8
	-----	-----	-----	-----
Earnings before income taxes, minority interest and equity in earnings (loss) of investee	3.6	4.0	4.1	3.9
Income taxes	1.4	1.6	1.6	1.6
	-----	-----	-----	-----
Earnings before minority interest and equity in earnings (loss) of investee	2.2	2.4	2.5	2.3
Minority interest	(0.0)	(0.0)	(0.0)	(0.0)
Equity in earnings (loss) of investee	(0.0)	0.1	(0.0)	0.1
	-----	-----	-----	-----
Net earnings	2.2%	2.5%	2.5%	2.4%
	=====	=====	=====	=====

NET SALES

The Company engineers, manufactures, treats and distributes lumber and other building products to the do-it-yourself ("DIY"), manufactured housing, wholesale lumber, industrial and conventional site-built construction markets. The Company's strategic sales objectives include:

- - Diversifying 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 include roof trusses, wall panels and engineered floor systems.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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- - Increasing sales of "value-added" products. Value-added product sales consist of fencing, decking, lattice and other specialty products sold to the DIY market; 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%. Although the Company considers the treatment of dimensional lumber with preservatives a value-added process, management does not include treated lumber as a component of value-added sales.
- - Maximizing profitable top-line sales growth while increasing DIY market share.
- - Maintaining manufactured housing market share.

In order to measure its progress toward attaining these objectives, management analyzes the following financial data:

- - 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.

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

Market Classification	For the Three Months Ended				For the Nine Months Ended			
	Sept. 23, 2000	%	Sept. 25, 1999	%	Sept. 23, 2000	%	Sept 25, 1999	%
DIY	\$ 179,701	48.4%	\$ 177,892	45.8%	\$ 543,690	49.1%	\$ 534,850	47.1%
Manufactured Housing	76,909	20.7	103,990	26.8	243,024	22.0	309,222	27.2
Site-Built Construction	68,372	18.4	58,062	14.9	180,006	16.3	159,412	14.0
Industrial	27,272	7.4	26,188	6.8	83,602	7.5	71,182	6.4
Wholesale Lumber	18,776	5.1	22,270	5.7	56,358	5.1	60,667	5.3
Total	\$ 371,030	100.0%	\$ 388,402	100.0%	\$1,106,680	100.0%	\$1,135,333	100.0%
	=====	=====	=====	=====	=====	=====	=====	=====

Net sales in the third quarter of 2000 decreased \$17.4 million, or 4.5%, compared to the third quarter of 1999, reflecting a decrease in overall selling prices, partially offset by a substantial increase in units shipped. Overall selling prices decreased due to the deflated Lumber Market (see "Fluctuations in Lumber Prices"). The increase in units shipped was primarily driven by sales from newly acquired plants serving the site-built construction market, increased unit sales to the industrial market and additional business with the Company's largest DIY customer. Net sales in the first nine months of 2000 decreased \$28.7 million, or 2.5%, compared to the same period of 1999, primarily due to the same factors listed above.

UNIVERSAL FOREST PRODUCTS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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The following table presents, for the periods indicated, the Company's percentage of value-added and commodity-based sales to total sales.

	Three Months Ended		Nine Months Ended	
	September 23, 2000	September 25, 1999	September 23, 2000	September 25, 1999
Value-Added	43.4%	39.2%	42.8%	40.4%
Commodity-Based	56.6%	60.8%	57.2%	59.6%

Note: In the second quarter of 2000, the Company reviewed the classification of its value-added and commodity-based products and made certain reclassifications. Prior year information has been restated due to these reclassifications.

The third quarter and year-to-date increases in the ratio of value-added sales to total sales are primarily due to increased sales of engineered roof trusses, I-joists and Open Joist 2000 products to the site-built construction market and fencing to the DIY market. In addition, treated and commodity lumber sales decreased due to a decline in units shipped to the manufactured housing market and a decline in overall selling prices due to the deflated Lumber Market.

DIY:

Net sales to the DIY market increased approximately \$1.8 million, or 1.0%, in the third quarter of 2000 compared to the same period of 1999. This increase is primarily due to an increase in sales to the Company's largest customer as a substantial increase in unit sales was partially offset by a decrease in overall selling prices caused by the deflated Lumber Market. This increase helped offset a decrease in business with two national customers due to a decline in their financial position. Net sales in the first nine months of 2000 increased \$8.8 million, or 1.7% compared to the same period of 1999, due primarily to the same factors discussed above.

Manufactured Housing:

Net sales to the manufactured housing market decreased approximately \$27.1 million, or 26.0%, in the third quarter of 2000 and decreased \$66.2 million, or 21.4%, in the first nine months of 2000. The Company's unit sales have decreased as these customers continue to struggle with an oversupply of finished homes at the retail level, tightening credit for consumers and a recent increase in repossessions. The industry expects this situation to continue well into the year 2001. In addition, overall selling prices declined due to the deflated Lumber Market.

Site-Built Construction:

Net sales to the site-built construction market increased approximately \$10.3 million, or 17.8%, in the third quarter of 2000 and increased \$20.6 million, or 12.9%, in the first nine months of 2000. These increases were primarily due to increased unit sales as a result of the acquisition of TED and

UNIVERSAL FOREST PRODUCTS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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Gang-Nail along with increases at certain existing locations. These increases were partially offset by decreased unit sales at certain locations servicing the Mid-Atlantic Region as a result of fewer housing starts.

Industrial:

Net sales to the industrial market increased approximately \$1.1 million, or 4.1%, in the third quarter of 2000 and increased \$12.4 million, or 17.4%, in the first nine months of 2000. These increases were primarily due to increased market share in several regions due to continued focus on growth, combined with the effects of redirecting sales efforts and manufacturing capacity at certain plants as a result of the downturn in the manufactured housing market.

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales increased to 13.2% in the third quarter of 2000 compared to 11.9% in the same period of 1999. Gross profit as a percentage of net sales increased to 13.2% for the first nine months of 2000 compared to 12.3% for the same period of 1999. These increases were primarily due to:

- An increase in the ratio of value-added product sales to the Company's total sales due to increased sales of engineered wood products to the site-built construction market, specialty packaging products to the industrial market and fencing and lattice products to the DIY market.
- An increase in gross margins on certain products due to the low level of the Lumber Market throughout 2000 compared to 1999. The selling prices of many products are indexed to the Lumber Market along with a fixed dollar "adder" to cover conversion costs and profits. Therefore, in periods when the Lumber Market is down, the fixed adder will result in higher gross margins.
- The above increases were offset by lower gross margins on sales to the manufactured housing market due to the effect of price competition and lower volumes on manufacturing efficiencies.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased approximately \$4.0 million, or 14.2%, in the third quarter of 2000 and increased approximately \$5.0 million, or 5.8%, in the first nine months of 2000. These increases were primarily due to new operations and increased compensation related to headcount. Emphasis on growing the site-built business has required additional sales, engineering and other technical professionals.

INTEREST, NET

Net interest costs increased approximately \$0.7 million in the third quarter of 2000 and increased approximately \$1.3 million in the first nine months of 2000. These increases were due to

UNIVERSAL FOREST PRODUCTS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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a higher average debt balance as a result of recent business acquisitions and share repurchases combined with higher short-term borrowing rates on variable rate debt.

INCOME TAXES

The Company's effective tax rate was 38.3% in the third quarter of 2000 compared to 39.1% in the same period of 1999. The effective tax rate was 39.0% in the first nine months of 2000 compared to 39.7% in the same period of 1999. Effective tax rates differ from statutory federal income tax rates, primarily due to provisions for state and local income taxes, provisions for Canadian income taxes and permanent tax differences. The decreases noted above are primarily due to lower estimated state and local income taxes.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operating activities for the first nine months of 2000 increased \$34.8 million over the same period of 1999. This improvement is primarily due to the impact of a lower Lumber Market on sales, receivables and inventory, combined with a change in buying practices on certain products. At the end of 1999, the Company purchased certain inventory well in advance of the spring DIY selling season in order to meet expected demand.

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 a good indicator of its working capital management. The Company's cash cycle increased to 44 days in the first nine months of 2000 from 41 days in the first nine months of 1999 primarily due to higher average inventory levels associated with the change in buying practices discussed above and longer trade terms associated with the site-built construction market. These factors were partially offset by a longer payment cycle with certain vendors.

Capital expenditures totaled \$23.7 million in the first nine months of 2000 compared to \$27.5 million in the same period of 1999. The Company's capital expenditures during the third quarter of 2000 primarily consisted of several projects to improve efficiencies, expand manufacturing capacity at existing plants and costs to complete or acquire several new plants. The Company expects to spend between \$14 million and \$16 million on capital expenditures for the balance of 2000, which includes outstanding purchase commitments on capital projects totaling approximately \$9.3 million on September 23, 2000. The Company intends to satisfy these commitments utilizing its revolving credit facility.

The Company spent approximately \$32.4 million in the first nine months of 2000 related to business acquisitions which are discussed earlier under the caption "Business Combinations." The Company funded the purchase price of these acquisitions using its revolving credit facility.

UNIVERSAL FOREST PRODUCTS, INC.

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

Cash flows provided by financing activities decreased to \$2.5 million in the first nine months of 2000 from \$9.2 million in the same period of 1999. On September 23, 2000, the Company had \$23.0 million outstanding on its \$175 million revolving credit facility. Financial covenants on the Company's revolving credit facility and senior unsecured notes include a minimum net worth requirement, a minimum interest coverage test and a maximum leverage ratio. The Company is well within its requirements at September 23, 2000.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

The Company is self-insured for environmental impairment liability and accrues for the estimated cost of monitoring or remediation activities. As of November 1, 2000, the Company owns or operates 21 wood preserving facilities throughout the United States that treat lumber products with a chemical preservative. In accordance with applicable federal, state and local environmental laws, ordinances and regulations, 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 remediation activities at its North East, MD; Union City, GA; Stockertown, PA; Elizabeth City, NC; Auburndale, FL; and Schertz, TX facilities.

The Company has accrued in other long-term liabilities amounts totaling \$2.3 million on September 23, 2000 and September 25, 1999 for the activities described above. 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.

UNIVERSAL FOREST PRODUCTS, INC.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risks related to fluctuations in interest rates on its variable rate debt, which consists of a revolving credit facility and industrial development revenue bonds. The Company does 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. The Company does 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 the company would be required to refinance it.

UNIVERSAL FOREST PRODUCTS, INC.

PART II. OTHER INFORMATION

Item 2. Changes in Securities.

- (a) None.
- (b) None.
- (c) Sales of equity securities in the third quarter not registered under the Securities Act.

	Date of Sale -----	Class of Stock -----	Number of Shares -----	Purchasers -----	Consideration Exchanged -----
Stock Gift Program	Various	Common	50	Eligible persons	None

UNIVERSAL FOREST PRODUCTS, INC.

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: November 3, 2000

By: /s/ William G. Currie

William G. Currie

Its: Vice Chairman of the Board and
Chief Executive Officer

Date: November 3, 2000

By: /s/ Michael R. Cole

Michael R. Cole

Its: Chief Financial Officer

UNIVERSAL FOREST PRODUCTS, INC.

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