

UFPI Announces Measures to Align Costs with Current Business

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--Company also focused on organizational changes intended to grow sales, profitability--

GRAND RAPIDS, Mich., Jun 24, 2011 (BUSINESS WIRE) --

Universal Forest Products, Inc., (Nasdaq:UFPI) today announced measures to align its costs with its current business, primarily due to significantly weaker-than-expected sales in the first five months of the year. Specifically, from the same period of 2010, year-to-date net sales through May 2011 were down 9.5 percent to \$765 million, including a decline of 15.0 percent in net sales to retail customers. In addition, contrary to typical seasonal trends, the lumber market declined for 11 consecutive weeks from March 2011 through the end of May 2011. That decline, coupled with significantly higher fuel prices, contributed to a decline in gross margin to 10.5 percent, or a year-to-date decline of 2.2 percent in May 2011 from the same period of 2010. The decline in year-over-year net sales was due, in part, to lower lumber prices in 2011.

"Retail sales during what is historically our busiest selling season didn't materialize as expected this year, and in order to preserve our opportunity for profitability and to ensure we're properly sized for our business opportunities moving forward, we have undertaken additional cost-cutting measures," said CEO Michael B. Glenn.

The Company has identified cost reductions that will result in annualized savings of \$10 million, before one-time charges for severances related to the reductions.

"We are evaluating our organizational structure and staffing model and making reductions and, as is our practice, we're evaluating underperforming assets with an eye toward consolidation, improvement or divestiture," added President/COO Pat Webster.

"These are terribly difficult adjustments that cause us, in many cases, to say goodbye to valuable employees who have been with Universal for many years," Glenn said. "These changes don't reflect the value of the people who are affected by them, but, rather, the continued depressed economic conditions and lack of consumer spending. They're wrenching but necessary moves for the long-term good of the company."

The Company also is making changes to its organizational structure to more strongly position it for improving sales and profitability. For example, it has redefined its national sales efforts and organizational structure, and has put industry veteran Don James at the helm of national sales. Don joined the Company in 1998 after a 16-year career with a national lumber and building materials retailer, and has held a series of progressive executive management positions at Universal. Joseph Granger, a 23-year Universal veteran who has advanced through many successive roles to become Executive Vice President of Sales and Marketing, will become Executive Vice President overseeing Universal Consumer Products, Inc., and UFP Distribution, LLC, to grow the sales and profitability of those two businesses for the Company. Both appointments are effective July 1, 2011.

"These are critical business ventures and markets for Universal, and this new leadership structure will enhance our opportunity for growth and success in each," Glenn said.

In April, the Company announced first-quarter results that included a drop in sales and a decline in net earnings, attributed to external factors and to some favorable conditions in the early months of 2010 that didn't repeat in early 2011. At that time, the Company said it was "cautiously optimistic that consumer demand will be favorable in 2011, which would result in improved sales in future quarters." That demand for its products hasn't materialized, as consumer spending remains soft, and the Company doesn't anticipate demand to strengthen significantly through the remainder of 2011. The impact of soft consumer spending is most significantly impacting sales of Universal's treated wood products, which are associated with larger, more costly home improvement and building projects, such as new decking and fencing. Sales of other consumer goods, such as decorative touches for railings and other outdoor living accessories, aren't as significantly affected.

As previously announced, Universal will report second-quarter results on Wednesday, July 13, 2011, and will discuss the results on a conference call at 8:30 a.m. Thursday, July 14, 2011.

UNIVERSAL FOREST PRODUCTS, INC.

Universal Forest Products, Inc. is a holding company that provides capital, management and administrative resources to subsidiaries that design, manufacture and market wood and wood-alternative products for DIY/retail home centers and other retailers, structural lumber products for the manufactured housing industry, engineered wood components for the construction markets, and specialty wood packaging and components for various industries. The Company's consumer products subsidiary offers a large portfolio of outdoor living products, including wood composite decking, decorative balusters, post caps and plastic lattice. Its lawn and garden group offers an array of products, such as trellises and arches, to retailers nationwide. Universal's subsidiaries also provide framing services for the site-built market and forming products for concrete construction. Founded in 1955, Universal Forest Products is headquartered in Grand Rapids, Mich., with operations throughout North America. For more

about Universal Forest Products, go to www.ufpi.com.

Please be aware that: Any statements included in this press release that are not historical facts are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are based on the beliefs of the Company's management as well as on assumptions made by, and information currently available to, the Company at the time such statements were made. The Company does not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. Actual results could differ materially from those included in such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty. Among the factors that could cause actual results to differ materially from forward-looking statements are the following: adverse lumber market trends, competitive activity, negative economic trends, government regulations and weather. Certain of these risk factors and additional information are included in the Company's reports on Form 10-K and 10-Q on file with the Securities and Exchange Commission.



SOURCE: Universal Forest Products

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