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

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. FOR FISCAL YEAR ENDED DECEMBER 25, 1999.

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. For the transition period from ------------ to ------------- .

Commission File No.: 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 No.)
2801 E. BELTLINE, N.E., GRAND RAPIDS, MICHIGAN	49525
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of each exchange on which registered
NONE	

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, NO PAR VALUE
(Title of Class)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of March 1, 2000, 20,127,181 shares of the registrant's common stock, no par value, were outstanding. The aggregate market value of the common stock held by non-affiliates of the registrant (i.e., excluding shares held by executive officers, directors, and control persons as defined in Rule 405, 17 CFR 230.405) on that date was $144,581,957 computed at the closing price of $12.0625 on that date.

Documents incorporated by reference:

(1) Certain portions of the Company's Annual Report to Shareholders for the fiscal year ended December 25, 1999 are incorporated by reference into Part I and II of this Report.

(2) Certain portions of the Company's Proxy Statement for its 2000 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

Exhibit Index located on page E-1.

ANNUAL REPORT ON FORM 10-K

DECEMBER 25, 1999

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PART I

ITEM 1. BUSINESS.

(A) GENERAL DEVELOPMENT OF THE BUSINESS.

Universal Forest Products(R), Inc. ("the Company") engineers, manufactures, treats and distributes lumber products for the do-it-yourself (DIY), manufactured housing, industrial, wholesale and site-built construction markets. The Company currently operates 75 facilities throughout the United States, Canada and Mexico.

Universal Forest Products(R), Inc. was organized as a Michigan corporation in 1955. The Company's business originally consisted of purchasing lumber in carload lots from primary producers and reselling those carloads mostly to manufacturers of mobile and modular homes, without any intermediate handling. In the early 1970's, producers of manufactured housing were experiencing supply and inventory difficulties as a result of the deterioration of railroad service and rapidly increasing interest rates. The Company's management recognized these customer-experienced problems as an opportunity. As a result, the Company developed a "component yard" concept that featured distribution facilities with manufacturing capabilities located on major rail routes in close proximity to its clustered manufactured housing customers. Carload shipments of lumber were received at these facilities where the material was either broken down and shipped to customers without further processing, or manufactured to the customer's specifications before shipment to the customer by truck. The component yard concept helped the Company's customers reduce materials management problems, control their inventory and labor costs and conserve capital. As the component yard concept evolved, the Company began to manufacture roof trusses for its manufactured housing customers. The Company believes it was the first truss supplier to employ a full-time staff of engineers who assist customers with truss designs, help obtain various building code approvals for these designs and facilitate the development of new products and manufacturing techniques. Consequently, the Company's sales to the manufactured housing industry grew rapidly through the 1970's and 1980's. Today, the Company is the largest manufacturer of roof trusses for manufactured homes in the nation.

In order to enhance growth opportunities, the Company entered the wood preservation business in 1979. The Company utilizes a pressure-treatment process for protecting wood from damage by insects and fungi in outdoor applications. The expansion into this product line led to the manufacture of a variety of products, primarily for landscaping, deck and fence construction. These products were originally sold to conventional lumberyards and small lumberyard chains. When the warehouse-format mass merchandisers such as The Home Depot became strong retail outlets for the DIY market in the late 1980's, the Company was well positioned to capture the business of these retailers. By virtue of the geographic dispersal of its facilities in the regions containing the DIY market and its prior experience with the flexibility required for the delivery of mixed truckloads of products on a just-in-time basis, the Company possessed the abilities demanded by the DIY retailers. The Company has grown to become the largest supplier of treated lumber products to the DIY market.

In the mid-1980's, management began to recognize opportunities in the industrial market. The Company manufactures pallets, crating stock and specialty packaging for large industrial manufacturers and agricultural customers. These products may be manufactured from the by- product of other manufactured products, providing the Company with a profitable way of expanding its business while increasing its raw material yields. In 1998, the Company expanded its industrial market presence through certain acquisitions.

Beginning in December of 1997, the Company added the site-built construction market to its business, through five strategic business acquisitions. The Company acquired manufacturers of engineered wood products, which include roof trusses, wall panels and engineered floor systems. The customer base of these manufacturers consists of large-volume, multi-tract builders, small- volume custom builders, national home center customers and retail lumberyards. As a result of these business acquisitions, the Company has become one of the largest manufacturers of engineered trusses and wall panels in the nation.

(B) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

The information required by this item is incorporated by reference from Footnote O of the Consolidated Financial Statements presented under Item 8 herein.

(C) NARRATIVE DESCRIPTION OF BUSINESS.

The Company presently engineers, manufactures, treats and distributes lumber products for the DIY, manufactured housing, industrial and site-built construction markets. Each of these markets is discussed in the paragraphs which follow. The Company also sells lumber products to the wholesale market, but management is not emphasizing this business in its growth objectives.

DIY MARKET. The customers comprising this market are primarily national home center retailers, chain lumberyards and contractor oriented lumberyards. The Company is currently selling to over 1,800 customers in this market. One customer, The Home Depot, accounted for approximately 26%, 20% and 18% of the Company's total net sales for fiscal 1999, 1998 and 1997, respectively.

National customers in this market are serviced by the Company's sales staff in each region and are assisted by personnel from the Company's headquarters. Generally, terms of sale are established for annual periods, and orders are placed with the Company's regional facilities in accordance with established terms.

The Company currently supplies customers in this market from over 50 of its locations. These regional facilities are able to supply customers with mixed truckloads of products which can be delivered to customers with rapid turnaround from receipt of an order. Freight costs are a factor in the ability to competitively service this market, especially with treated wood products because of their heavier weight. The close proximity of the Company's regional facilities to the various outlets of these customers is a significant advantage when negotiating annual sales programs.

The products offered to customers in this market include dimension lumber (both preserved and unpreserved) and various "value-added products," some of which are sold under the Company's trademarks. Lumber treated with preservatives is sold under the Company's PRO-WOOD(R) trademark.

Value-added products may be preserved by pressure-treatment or unpreserved, and include the following:

- Products in the Deck Necessities(R) group consist of decking, balusters, spindles, decorative posts, handrails, stair risers, stringers and treads.
- The Fence Fundamentals(TM) group of products includes various styles of fences, such as solid, picket and shadowbox, as well as gates, posts and other components.
- Products in the Outdoor Essentials(R) group consist of various home and garden and landscaping items.
- Large volumes of lattice are sold by the Company under its Lattice Basics(TM) trademark for use as skirting on decks, trellises and various outdoor home improvement projects.
- The Storage Solutions(TM) product line consists primarily of storage building frames and trusses.

The Company also sells engineered wood products to this market as a result of its 1998 business acquisitions. These products include roof trusses, wall panels and engineered floor systems. Depending upon regional practices and builder preferences, the Company may sell these products through retailers or directly to builders (see "Site-Built Construction Market" below).

The Company is not aware of any competitor that currently manufactures, treats and distributes a full line of both value-added and commodity products on a national basis. The Company faces competition on individual products from several different producers, but the majority of these competitors tend to be regional in their efforts and/or do not offer a full line of outdoor lumber products. The Company also faces increased competition in this market from certain national vendor mills with wood preservation facilities in certain regions. The Company believes the breadth of its product offering, its geographic dispersion and close proximity of its plants to core customers, its purchasing expertise and its service capabilities provide significant competitive advantages in this market. As this industry continues to consolidate, the Company believes it is well-positioned to capture additional market share.

MANUFACTURED HOUSING MARKET. The customers comprising the manufactured housing market are producers of mobile, modular and prefabricated homes and recreational vehicles. The Company is currently selling to over 200 customers in this market.

Products sold to customers in this market consist primarily of roof trusses, lumber cut and shaped to the customer's specification, plywood, particle board and dimension lumber, all intended for use in the construction of manufactured housing. Sales are made by personnel located at each regional facility based on customer orders. The Company's engineering and support staff acts as a sales support resource to assist the customer with truss designs, obtaining various building code approvals for the designs and aiding in the development of new products and manufacturing processes.

While no competitor operates in as widely-dispersed geographic areas as the Company, it does face vigorous competition from suppliers in many geographic regions. The Company estimates that it produces over 65% of the HUD Code roof trusses supplied to this market based on data published by the Manufactured Housing Institute. The Company's principal competitive advantages include its product knowledge, the capacity to supply all of the customer's lumber requirements, the ability to deliver engineering support services, the close proximity of its regional facilities to core customers and its ability to provide national sales programs to certain customers.

INDUSTRIAL MARKET. The Company defines its industrial market as industrial manufacturers and agricultural customers who use pallets, crates and wooden boxes for packaging, shipping and material handling purposes. The Company has increased its emphasis on this market in recent years and currently sells to over 1,500 customers in this market. Many of the products sold to this market may be produced from the by-product of other manufactured products, thereby allowing the Company to increase its raw material yields while expanding its business. Competition is fragmented and includes virtually every supplier of lumber convenient to the customer. The Company services this market with its regional sales personnel supported by a centralized national sales and marketing department and emphasizes service and reliability as competitive strengths.

SITE-BUILT CONSTRUCTION MARKET. The Company entered the site-built construction market through five strategic business acquisitions completed from December, 1997 through December, 1998. The businesses acquired are discussed herein under the section "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The customers comprising this market are primarily large-volume, multi-tract builders and smaller volume custom builders. The Company currently sells to over 1,700 customers in this market. Customers are serviced by the Company's sales, engineering and design personnel in each region. Generally, terms of sale and pricing are determined based on quotes for each specific job order.

The Company currently supplies customers in this market from 31 facilities located in 16 different states. These facilities manufacture various engineered wood products used to frame a residential or commercial project, including roof and floor trusses, wall panels, Open Joist 2000 and I-joists. Freight costs are a factor in the ability to competitively service this market due to the space requirements of these products on each truckload.

The Company is not aware of any competitor that manufactures and distributes a complete line of engineered wood products on a national basis. Competition in this market is fragmented as local regulatory requirements and product preferences have resulted in a regional operating focus. The Company's objective is to continue to increase its manufacturing capacity for this market while developing a national presence. Management expects to face competition from various companies, primarily consisting of contractor-oriented retailer lumber yards, attempting to complete the same strategy. The Company believes its primary competitive advantages relate to the engineering and design capabilities of its regional staff, its product quality and timeliness of delivery.

WOOD PRESERVATION TREATMENT. The Company is the largest producer of preservative-treated lumber in the nation based on data published by the Building Products Digest. The Company operates 19 treatment facilities in 12 different states, with capacity to process over one billion board feet annually.

The process for preserving wood utilized by the Company involves the application of a Chromated Copper Arsenate (CCA) solution under pressure. This process originated in India over sixty years ago as a means for protecting timbers utilized in the construction of mine shafts and tunnels. The basic process is no longer protected by any U.S. patent, and is widely used by numerous producers of treated lumber. The process consists of mixing the chemicals with water and impregnating the wood by alternating vacuum and pressure in specially designed pressure chambers. Thereafter, the CCA becomes a permanent component of the wood. The preservative in the wood acts as both an insecticide and a fungicide, thereby effectively eliminating the two principal causes of wood deterioration that exist in North America. The Company has developed and implemented numerous refinements to the basic CCA treatment process, and considers its process to be "state of the art."

In order to alleviate environmental concerns, in the mid-1980's the Company began installing monitoring wells at all of its treating facilities where groundwater contamination was a potential problem. Quality assurance personnel from the Company's headquarters perform audits, including soil and groundwater sampling at least semi-annually to assure that the treating process is being performed in accordance with the Company's stringent standards for both environmental safety and product quality.

At the time the monitoring wells were installed at the Company's Granger, IN facility in 1986, chromium was discovered in the groundwater in excess of the EPA limit for drinking water at one end of the Company's property. The Company initiated a voluntary remediation program. The extent of contamination was defined and a remediation plan was designed and implemented. This contamination was successfully remediated, and the Company has obtained final written confirmation of this from the State of Indiana.

In 1999, the Company identified arsenic contamination in a shallow aquifer at its plant in Auburndale, Fl. Storm water best management practices implemented in 1999 eliminated the contamination. The Company continues to work proactively with the State of Florida to ensure that water quality is not impacted at the facility.

The Company acquired several facilities from Chesapeake Corporation in October 1993. Based on the agreements between the Company and Chesapeake Corporation, the environmental conditions existing at the Elizabeth City, NC, Stockertown, PA and North East, MD sites are the responsibility of the Company. Environmental conditions consist of limited soil and/or groundwater contamination of CCA components. Similarly, the Company purchased a treating facility in Schertz, TX with limited soil contamination in December 1998. The nature and extent of each of these conditions does not require immediate action. If these sites are closed, some remedial action such as soil treatment and/or removal may be required. Estimates of probable costs have been prepared and accrued for each of these sites.

The Company has accrued for costs of remediation of all of its sites totaling approximately $2.4 million at December 25, 1999. Except for the situations described above, the Company is not aware of any material environmental problems affecting its properties.

SEASONAL INFLUENCES. The Company's manufactured housing and site-built construction markets are affected by seasonal influences in the northern states during the winter months when installation and construction is more difficult.

The activities in the DIY market have substantial seasonal impacts. The demand for many of the Company's DIY products is highest during the period of April to August. Accordingly, its sales to the DIY market tend to be greater during the second and third quarters. The Company builds its inventory of finished goods throughout the winter and spring to support this sales peak. Restraints on production capacity make this a necessary practice which potentially exposes the Company to adverse effects of changes in economic and industry trends. Since 1995, inventory management initiatives, supply programs with vendors and programs with customers have been used to reduce the Company's exposure to adverse changes in the commodity lumber market and decrease demands on cash resources.

SUPPLIERS. The Company is one of the largest domestic buyers of solid sawn lumber from primary producers (lumber mills). It uses primarily southern yellow pine in its pressure-treating operations, which it obtains from mills located throughout the states comprising the sun belt. Other species used by the Company include "spruce-pine-fir," from Ontario, Quebec, British Columbia and Alberta, Canada; hemlock, Douglas fir and cedar from the Pacific Northwest; inland species of Ponderosa pine; and Brazilian pine. There are numerous primary producers for all varieties used by the Company, and the Company is not dependent on any particular source of supply. The Company's financial resources, in combination with its strong sales network and ability to remanufacture lumber, enable it to purchase a large percentage of a primary producer's output (as opposed to only those dimensions or grades in immediate need), thereby lowering its average cost of raw materials. Management believes this represents a significant competitive advantage.

INTELLECTUAL PROPERTY. The Company owns a patent relating to automated equipment for the manufacture of lattice, a tie-down strap patent related to truss components, and a patent on machinery used in the recycling of drywall and the production of joint compound and wall texture. In addition, it owns five registered trademarks: PRO-WOOD(R) relating to preservative-treated wood products; Deck Necessities(R) relating to deck component products; Outdoor Essentials(R) related to lawn and garden items such as planter boxes, fencing products and lattice products; the name Universal Forest Products(R); and a pine tree logo. The Company has applied for an additional registered trademark related to its ProFence(TM) products. In addition, it claims common law trademark rights to several other trademarks of lesser importance. While it believes its patent and trademark rights are valuable, the loss of its patent or any trademark would not have a material adverse impact on the competitive position of the Company.

RESEARCH AND DEVELOPMENT. Research and development efforts by the Company generally fall into four categories: engineering and testing of new truss designs; design and development of wood treatment systems and manufacturing processes; design and development of machinery and tooling of various wood shaping devices; and development of new products. Although important to the Company's competitive strengths and growth, the dollar amount of research and development expenditures has not typically been material to the Company.

EMPLOYEES. At March 1, 2000, the Company had approximately 4,800 employees. No Company employees are represented by a labor union. The Company has never experienced a work stoppage due to a labor dispute, and believes its relations with employees are good.

BACKLOG. Due to the nature of the Company's DIY, manufactured housing and industrial businesses, backlog information is not meaningful. The maximum time between receipt of a firm order and shipment does not usually exceed a few days. Therefore, the Company would not normally have a backlog of unfilled orders in a material amount. The relationships with its major customers are such that it is either the exclusive supplier of certain products and/or certain geographic areas, or the designated source for a specified portion of the customer's requirements. In such cases, either the Company is able to forecast the customer's requirements or the customer may provide an estimate of its future needs. In neither case, however, will the Company receive firm orders until just prior to the anticipated delivery dates for the products in question.

At March 1, 2000, backlog orders associated with the site-built construction business approximated $17.5 million, representing approximately five weeks production. The Company believes the relatively short time period associated with its backlog, in certain regions, provides a significant competitive advantage.

(D) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES.

The dominant portion of the Company's operations and sales occur in the United States. Separate financial information about foreign and domestic operations and export sales is incorporated by reference from Footnote O of the Consolidated Financial Statements presented under Item 8 herein.

ITEM 2. PROPERTIES.

The Company's headquarters are located on a ten acre site adjacent to a main thoroughfare in suburban Grand Rapids, Michigan. The headquarters building consists of several one and two story structures of wood construction containing approximately 49,000 square feet of office space.

The Company currently has 75 facilities at 66 locations. These facilities are located in 25 U.S. states, two Canadian provinces, and one Mexican state, and are involved in either the engineer, manufacture, preservative treatment or distribution of lumber products, or a combination of these activities. These facilities are generally of steel frame and aluminum construction and situated on fenced sites ranging in size from 7 acres to 48 acres. Depending upon function and location, these facilities typically utilize office space between 1,500 and 5,000 square feet, manufacturing space between 10,000 and 105,000 square feet, treating space between 25,000 and 300,000 square feet, and covered storage ranging from 10,000 to 100,000 square feet.

The Company owns all of its properties, free from any significant mortgage or other encumbrance, except for 10 regional facilities which are leased. The Company believes that all of these operating facilities are adequate in capacity and condition to service existing customer locations.

ITEM 3. LEGAL PROCEEDINGS.

The Company is not involved in any pending legal proceedings other than routine litigation incidental to the ordinary conduct of its business, none of which would result in a material adverse effect on the consolidated financial position, operating results or liquidity of the Company, individually or in the aggregate, in the event of an adverse outcome.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of security holders during the fourth quarter of fiscal year 1999.

ADDITIONAL ITEM: EXECUTIVE OFFICERS OF THE REGISTRANT.

The following table lists the names, ages and positions of all of the Company's executive officers as of March 1, 2000. Executive officers are elected annually by the Board of Directors at the first meeting of the Board following the annual meeting of shareholders.

Name	Age	Position
Peter F. Secchia	62	Chairman of the Board, Universal Forest Products, Inc.
William G. Currie	52	Chief Exec. Officer and Vice Chair. of the Board, Universal Forest Products, Inc.
Michael B. Glenn	48	President and Chief Operating Officer, Universal Forest Products, Inc.
James H. Ward	56	President, Universal Forest Products Eastern Division, Inc.
Robert K. Hill	52	President, Universal Forest Products Western Division, Inc.
Gary A. Wright	52	President, Shoffner Industries, L.L.C.
C. Scott Greene	44	President Elect, Universal Forest Products Eastern Division, Inc.
Robert D. Coleman	45	Exec. Vice President Manufacturing, Universal Forest Products, Inc.
Philip E. Rogers	49	Exec. Vice Pres. National Sales and Marketing, Universal Forest Products, Inc.
Matthew J. Missad	39	Executive Vice President and Secretary, Universal Forest Products, Inc.
Michael R. Cole	33	Vice Pres. Finance and Acting Chief Financial Officer, Universal Forest Products, Inc.
Carroll M. Shoffner	67	Chairman of the Board, Shoffner Industries, L.L.C.
Eric S. Maxey	41	Vice President of Administration, Universal Forest Products, Inc.
Jeff A. Higgs	45	Vice President, Universal Forest Products Western Division, Inc.

Peter F. Secchia, Chairman of the Board, began his service with the Company in 1962 and has been a director since 1967. Mr. Secchia served as President, Chief Executive Officer and Chairman of the Company from 1971 until 1989, when he was appointed U.S. Ambassador to Italy. Mr. Secchia completed his tenure as Ambassador on January 20, 1993, when he rejoined the Company as Chairman of the Board.

William G. Currie joined the Company in 1971. From 1983 to 1990, Mr. Currie was President of Universal Forest Products, Inc., and he was the President and Chief Executive Officer of The Universal Companies, Inc. from 1989 until the merger to form the Company in 1993. On January 1, 2000, Mr. Currie also became Vice Chairman of the Board of the Company.

Michael B. Glenn has been employed by the Company since 1974. In June of 1989, Mr. Glenn was elected Senior Vice President of the Company's Southwest operations, and on December 1, 1997, became President of the Universal Forest Products Western Division, Inc. Effective January 1, 2000, Mr. Glenn was promoted to President and Chief Operating Officer of the Company.

James H. Ward joined the Company in 1972 as a regional salesman. From 1979 to 1987, he served as Vice President of the Company's Southern operations and was elected to Senior Vice President in June of 1987. Effective December 1, 1997, Mr. Ward was promoted to President of the Universal Forest Products Eastern Division, Inc.

Robert K. Hill has been with the Company since 1986. From 1989 to 1993, he served as Vice President of the Company's Far West operations, and in March of 1993 was elected Senior Vice President of those operations. On December 1, 1997, Mr. Hill became the Executive Vice President of Operations of the Universal Forest Products Western Division, Inc., and on January 1, 2000, became President of that Division.

Gary A. Wright, has been affiliated with the Company since March 30, 1998 at which time the Company acquired Shoffner Industries, Inc., with whom he had been employed since 1978. Mr. Wright currently serves as President of Shoffner Industries, L.L.C.

C. Scott Greene joined the Company in February of 1991 as Marketing Manager for the Universal Forest Products Southern Company. In November of 1996 he became General Manager of Operations for the Company's Florida Region, and in January of 1999 became Vice President of Marketing for the Company. Effective January 1, 2000, Mr. Greene was promoted to President Elect for the Universal Forest Products Eastern Division, Inc.

Robert D. Coleman, has been an employee of the Company since 1979. From 1986 to 1993, he served as Vice President of the Company's Atlantic Division, and was promoted to Senior Vice President of the Company's Midwest operations in September 1993. On December 1, 1997, Mr. Coleman became the Executive Vice President of Manufacturing of the Universal Forest Products Eastern Division, Inc. On January 1, 1999, Mr. Coleman was named the Executive Vice President of Manufacturing for the Company.

Philip E. Rogers, an employee of the Company since 1989, served as Vice President of Operations for the Universal Forest Products Southwest Company until November of 1997. At that time, Mr. Rogers became the Vice President of Sales, National Accounts Retail. Effective January 1, 1999, Mr. Rogers was promoted to Executive Vice President of National Sales and Marketing for the Company.

Matthew J. Missad has been employed by the Company since 1985. Mr. Missad has served as General Counsel and Secretary since December 1, 1987, and Vice President Corporate Compliance since August 1989. In February 1996, Mr. Missad was promoted to Executive Vice President of the Company.

Michael R. Cole, CPA, CMA, joined the Company in November of 1993. From 1988 to 1993, Mr. Cole served in various capacities with the international accounting firm of Deloitte & Touche, LLP. In January of 1997, Mr. Cole was promoted to Director of Finance for the Company, and on January 1, 2000 was made Vice President of Finance and Acting Chief Financial Officer of the Company.

Carroll M. Shoffner, has been affiliated with the Company since March 30, 1998, at which time the Company acquired Shoffner Industries, Inc., with whom he had been employed since 1964. Mr. Shoffner serves as Chairman of Shoffner Industries, L.L.C., and is a member of the Board of Directors of Universal Forest Products, Inc.

Eric S. Maxey, an employee of the Company since 1981, has served as Vice President of Administration since 1992. Prior to that time and since 1984, he served as Controller.

Jeff A. Higgs, has been an employee of the Company since April 20, 1998, at which time the Company acquired the assets of Advanced Component Systems, Inc. Mr. Higgs serves as a Vice President of Operations for the Universal Forest Products Western Division, Inc.

PART II

The following information items in this Part II, which are contained in the Registrant's Annual Report to Shareholders for the fiscal year ended December 25, 1999, are specifically incorporated by reference into this Form 10-K Report. Selected portions of the Registrant's Annual Report to Shareholders for the fiscal year ended December 25, 1999 are filed as Exhibit 13 with this Form 10-K Report.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS.

The information required by this Item is incorporated by reference from the Company's Annual Report to Shareholders for the fiscal year ended December 25, 1999, under the caption "Price Range of Common Stock and Dividends."

ITEM 6. SELECTED FINANCIAL DATA.

The information required by this Item is incorporated by reference from the Company's Annual Report to Shareholders for the fiscal year ended December 25, 1999, under the caption "Five Year Summary of Selected Financial Data."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by this Item is incorporated by reference from the Company's Annual Report to Shareholders for the fiscal year ended December 25, 1999, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 7A. 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.

On December 25, 1999, the estimated fair value of the Company's long-term debt, including the current portion, was $147,383,000, which was $6,915,000 less than the carrying value. The estimated fair value is based on rates anticipated to be available to the Company for debt with similar terms and maturities. The estimated fair value of notes payable included in current liabilities and the revolving credit facility approximated the carrying values.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this Item is incorporated by reference to the Company's Annual Report to Shareholders for the fiscal year ended December 25, 1999, under the following captions:

"Independent Auditors' Report"
"Consolidated Balance Sheets"
"Consolidated Statements of Earnings"
"Consolidated Statements of Shareholders' Equity"
"Consolidated Statements of Cash Flows"
"Notes to Consolidated Financial Statements"

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information relating to executive officers is included in this report in the last Section of Part I under the caption "Additional Item: Executive Officers of the Registrant." Information relating to directors and compliance with Section 16(a) of the Securities and Exchange Act of 1934 is incorporated by reference to the Company's definitive Proxy Statement for the 2000 Annual Meeting of Shareholders, as filed with the Commission, under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance."

ITEM 11. EXECUTIVE COMPENSATION.

Information relating to executive compensation is incorporated by reference to the Company's definitive Proxy Statement for the 2000 Annual Meeting of Shareholders under the caption "Executive Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information relating to security ownership of certain beneficial owners and management is incorporated by reference to the Company's definitive Proxy Statement for the 2000 Annual Meeting of Shareholders under the captions "Ownership of Common Stock" and "Securities Ownership of Management."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS.

Information relating to certain relationships and related party transactions is incorporated by reference to the Company's definitive Proxy Statement for the 2000 Annual Meeting of Shareholders under the caption "Election of Directors."

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements. The following Independent Auditors' Report and Consolidated Financial Statements are incorporated by reference, under Item 8 of this report, from the Company's Annual Report to Shareholders for the fiscal year ended December 25, 1999:

Independent Auditors' Report
Consolidated Balance Sheets as of December 25, 1999 and December 26, 1998
Consolidated Statements of Earnings for the Years Ended December 25, 1999, December 26, 1998 and December 27, 1997
Consolidated Statements of Shareholders' Equity for the Years Ended December 25, 1999, December 26, 1998 and December 27, 1997
Consolidated Statements of Cash Flows for the Years Ended December 25, 1999, December 26, 1998 and December 27, 1997
Notes to Consolidated Financial Statements

2. Financial Statement Schedules. All schedules required by this Form 10-K Report have been omitted because they were inapplicable, included in the Consolidated Financial Statements or Notes to Consolidated Financial Statements, or otherwise not required under instructions contained in Regulation S-X.

3. Exhibits. Reference is made to the Exhibit Index which is found on pages E-1 through E-3 of this Form 10-K Report.

(b) No reports on Form 8-K were filed in the fourth quarter of 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: March 24, 2000 UNIVERSAL FOREST PRODUCTS, INC.

By:/s/ PETER F. SECCHIA

PETER F. SECCHIA, CHAIRMAN OF THE BOARD

and

/s/ WILLIAM G. CURRIE

WILLIAM G. CURRIE, CHIEF EXECUTIVE OFFICER AND VICE CHAIRMAN OF THE BOARD

and

/s/ MICHAEL R. COLE

MICHAEL R. COLE, VICE PRESIDENT OF FINANCE AND ACTING CHIEF FINANCIAL OFFICER (PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 24th day of March, 2000, by the following persons on behalf of the Company and in the capacities indicated.

Each Director of the Company whose signature appears below hereby appoints Matthew J. Missad and Michael R. Cole, and each of them individually, as his attorney-in-fact to sign in his name and on his behalf as a Director of the Company, and to file with the Commission any and all amendments to this report on Form 10-K to the same extent and with the same effect as if done personally.

/s/ PETER F. SECCHIA	/s/ JOHN W. GARSIDE
PETER F. SECCHIA, DIRECTOR	JOHN W. GARSIDE, DIRECTOR
/s/ WILLIAM G. CURRIE	/s/ PHILIP M. NOVELL
WILLIAM G. CURRIE, DIRECTOR	PHILIP M. NOVELL, DIRECTOR
/s/ RICHARD M. DEVOS	/s/ LOUIS A. SMITH
RICHARD M. DEVOS, DIRECTOR	LOUIS A. SMITH, DIRECTOR
/s/ JOHN C. CANEPA	/s/ CARROLL M. SHOFFNER
JOHN C. CANEPA, DIRECTOR	CARROLL M. SHOFFNER, DIRECTOR

EXHIBIT NO.	DESCRIPTION
2(b)	Agreement and Plan of Reorganization dated as of March 30, 1998, by and among Universal Forest Products, Inc., UFP Acquisition Corp. II, Shoffner Industries, Inc. and the Shareholders of Shoffner Industries, Inc., together with the Annexes thereto, was filed as Exhibit 2.1 to a Form 8-K Report dated March 30, 1998, and the same is incorporated herein by reference.
2(c)	Purchase Agreement dated as of February 18, 1998, by and among Universal Forest Products Southwest Company, Inc., Advanced Component Systems, Inc., T.F. Investments, L.L.C., and F.T.G. Leasing, Inc., was filed as Exhibit 2.1 to a Form 8-K Report dated April 20, 1998, and the same is incorporated herein by reference.
3(a)	Registrant's Articles of Incorporation were filed as Exhibit 3(a) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
3(b)	Registrant's Bylaws were filed as Exhibit 3(b) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
4(a)	Specimen form of Stock Certificate for Common Stock was filed as Exhibit 4(a) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
4(b)(1)	Loan Agreement with Old Kent Bank and Trust Company dated April 18, 1988 was filed as Exhibit 4(b)(1) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
4(b)(2)	Business Loan Agreement with Michigan National Bank dated August 17, 1988, as amended was filed as Exhibit 4(b)(2) to a Registration Statement on Form S-1 (No. 33- 69474) and the same is incorporated herein by reference.
4(b)(3)	Series A, Senior Unsecured Note Agreement dated May 5, 1994, was filed as Exhibit 4(b)(3) to a Form 10-Q Quarterly Report for the quarter period ended March 26, 1994, and the same is incorporated herein by reference.
4(b)(4)	First Amendment to Note Agreement dated November 13, 1998, relating to Series A, Senior Unsecured Note Agreement dated May 5, 1994.
10(a)	Redemption Agreement with Peter F. Secchia, dated August 26, 1993, was filed as Exhibit 10(a) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(b)	Form of Indemnity Agreement entered into between the Registrant and each of its directors was filed as Exhibit 10(b) to a Registration Statement on Form S-1 (No. 33- 69474) and the same is incorporated herein by reference.

EXHIBIT NO.	DESCRIPTION
10(c)(2)	Lease guarantee, dated March 10, 1978, given by Registrant on behalf of Universal Restaurants, Inc. to Jackson Properties was filed as Exhibit 10(c)(2) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(c)(3)	Lease guarantee, dated November 15, 1977, by Registrant on behalf of Great Lakes Steak Company of Ann Arbor, Inc. to William C. and Sally A. Martin was filed as Exhibit 10(c)(3) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(c)(4)	Lease guarantee, dated March 10, 1978, by Registrant on behalf of Universal Restaurants, Inc. to Forbes/Cohen Properties was filed as Exhibit 10(c)(4) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(c)(5)	Lease guarantee, dated April 26, 1978, by Registrant on behalf of Universal Restaurants, Inc. to Dorr D. and Nettie R. Granger was filed as Exhibit 10(c)(5) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(d)(1)	Lease between Registrant and its Employee Profit Sharing and Retirement Trust Fund as lessor regarding Registrant's Shakopee, Minnesota facility was filed as Exhibit 10(d)(1) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(d)(2)	Lease between Registrant and McIntosh Lumber Co. as lessor regarding Registrant's Huntington Beach, California facility was filed as Exhibit 10(d)(2) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
*10(e)(1)	Form of Executive Stock Option Agreement was filed as Exhibit 10(e)(1) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
*10(e)(2)	Form of Officers' Stock Option Agreement was filed as Exhibit 10(e)(2) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
*10(f)	Salaried Employee Bonus Plan was filed as Exhibit 10(f) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(g)(1)	Term Loan Agreement between Registrant and NBD Bank, N.A. dated December 1, 1992, was filed as Exhibit 10(g)(1) to a Registration Statement on Form S-1 (No. 33- 69474) and the same is incorporated herein by reference.
10(g)(2)	Promissory Note with Old Kent Bank and Trust Company, dated September 1, 1993, was filed as Exhibit 10(g)(2) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.

EXHIBIT NO.	DESCRIPTION
10(g)(3)	Installment Business Loan Note with NBD Bank, N.A. dated December 1, 1992, was filed as Exhibit 10(g)(3) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(g)(4)	Business Loan Agreement with Michigan National Bank executed April 14, 1987, was filed as Exhibit 10(g)(4) to a Registration Statement on Form S-1 (No. 33-69474) and the same is incorporated herein by reference.
10(g)(5)	Promissory Note with NBD Bank, N.A., dated January 20, 1994, was filed as Exhibit 10(g)(5) to a Form 10-K Annual Report for the year ended December 25, 1993, and the same is incorporated herein by reference.
10(g)(6)	Promissory Note with Old Kent Bank and Trust Company, dated January 24, 1994, was filed as Exhibit 10(g)(6) to a Form 10-K Annual Report for the year ended December 25, 1993, and the same is incorporated herein by reference.
10(g)(7)	Promissory Note with Michigan National Bank, dated January 27, 1994, was filed as Exhibit 10(g)(7) to a Form 10-K Annual Report for the year ended December 25, 1993, and the same is incorporated herein by reference.
10(g)(8)	Promissory Note with Comerica Bank, dated February 14, 1994, was filed as Exhibit 10(g)(8) to a Form 10-K Annual Report for the year ended December 25, 1993, and the same is incorporated herein by reference.
10(h)(1)	Land Contract Agreement dated May 26, 1994, was filed as Exhibit 10(h)(1) to a Form 10-Q Quarterly Report for the quarter period ended June 25, 1994, and the same is incorporated herein by reference.
10(i)(1)	Revolving Credit Agreement dated November 13, 1998 was filed as Exhibit 10(i)(1) to a Form 10-K Annual Report for the year ended December 26, 1998, and the same is incorporated herein by reference.
10(j)(1)	Series 1998-A, Senior Note Agreement dated December 21, 1998 was filed as Exhibit 10(j)(1) to a Form 10-K Annual Report for the year ended December 26, 1998, and the same is incorporated herein by reference.
13	Selected portions of the Company's Annual Report to Shareholders for the fiscal year ended December 25, 1999.
21	List of Registrant's subsidiaries.
23	Consent of Deloitte & Touche LLP.
27	Financial Data Schedule.

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*Indicates a compensatory arrangement.

EXHIBIT 13

UNIVERSAL FOREST PRODUCTS, INC.
FINANCIAL INFORMATION

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SELECTED FINANCIAL DATA
(In thousands, except per share and statistics data.)

	1999	1998	1997	1996	1995
CONSOLIDATED STATEMENT OF EARNINGS					
DATA					
Net sales	$ 1,435,055	$1,238,907	$1,066,300	$891,230	$754,466
Gross profit1	182,471	149,214	95,478	89,714	75,502
Earnings before income taxes, minority interest and equity in earnings of investee	51,537	43,034	25,982	29,803	23,951
Net earnings	31,448	26,419	16,957	17,832	14,388
Diluted earnings per share	$1.480	$1.280	$0.930	$0.980	$0.800
Dividends per share	$0.075	$0.070	$0.065	$0.060	$0.105
Weighted average shares outstanding with common stock equivalents	21,186	20,613	18,234	18,121	18,047
CONSOLIDATED BALANCE SHEET DATA					
Working capital	$ 124,324	$ 99,559	$89,783	$90,639	$83,533
Total assets	468,638	419,795	229,383	198,866	180,791
Long-term debt and capital lease obligations	154,298	141,880	49,977	55,854	59,209
Shareholders' equity	214,562	191,583	115,898	100,815	84,597
STATISTICS					
Gross profit as a percentage of net sales	12.7%	12.0%	9.0%	10.1%	10.0%
Net earnings as a percentage of net sales	2.2%	2.1%	1.6%	2.0%	1.9%
Return on beginning equity	16.4%	22.8%	16.8%	21.0%	19.7%
Current ratio	2.36	2.21	2.32	3.30	3.38
Debt to equity ratio	0.72	0.74	0.43	0.55	0.70
Book value per common share	$10.65	$9.29	$6.65	$5.82	$4.89

(1) In 1995, the Company reclassified delivery expense to include it as a component of cost of goods sold and gross profit.

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

RISK FACTORS

In considering whether to buy or sell Universal Forest Products, Inc. (the "Company") securities, carefully consider all the information included in this report and the risk factors described below. In addition, read the discussion under the caption "Forward Outlook," where additional uncertainties associated with the Company's business and certain forward-looking statements are described.

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. While the Company attempts to minimize its risk from severe price fluctuations, substantial, prolonged trends in lumber prices can affect the Company's financial results. The Company anticipates that these fluctuations will continue in the future. The Company relies on 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 served by the Company have an oversupply of product. The Company expects these segments to reduce production for the first two to three quarters of calendar year 2000. The Company has planned for this modest reduction, but if the manufactured housing industry enters into a prolonged downturn, it could adversely affect the Company's operating results.

ECONOMIC TRENDS:

As a result of its 1998 business combinations in the site-built construction market, management believes the Company's ability to achieve growth in sales and margins has become somewhat more dependent on housing starts. To the extent that housing starts decline significantly in the future, the Company's financial results could be impacted.

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

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. This consolidation may limit the customer base the Company is able to serve.

GOVERNMENT REGULATIONS:

The Company is subject to a variety of government regulations which create a burden on the Company. Should the Company become subject to additional laws and regulations enacted in the future, or changes in interpretation of existing laws, it could result in increased expenses for the Company.

WEATHER CONDITIONS:

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

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 prices of treated lumber products are generally indexed to the Lumber Market at the time they are shipped, the Company's profits can be negatively affected by prolonged declines in the Lumber Market during its primary selling season. To mitigate this risk, supply programs are maintained with vendors that are intended to decrease the Company's exposure. These programs include those materials which are most susceptible to adverse changes in the Lumber Market, and also allow the Company to carry a lower investment in inventories.

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

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, ensure 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 risk factors set forth above.

FLUCTUATIONS IN LUMBER PRICES

The following table presents the Random Lengths framing lumber composite price for the years ended December 25, 1999, December 26, 1998 and December 27, 1997:

	Random Lengths Composite Average $/MBF		
	1999	1998	1997
January	$370	$360	$436
February	386	375	444
March	394	369	433
April	393	369	457
May	421	331	444
June	454	332	430
July	480	345	429
August	404	355	413
September	392	328	393
October	360	329	378
November	385	340	379
December	384	349	370
Annual average	$402	$349	$417
Annual percentage change	15.2%	(16.3%)	3.7%

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.

	SYP Composite Average $/MBF		
	1999	1998	1997
January	$471	$499	$488
February	497	525	540

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

March	513	550	545
April	496	536	572
May	523	474	575
June	563	450	553
July	590	471	577
August	492	439	562
September	473	409	502
October	456	429	464
November	456	422	487
December	484	443	503
Annual average	$501	$471	$531
Annual percentage change	6.4%	(11.3%)	16.2%

BUSINESS COMBINATIONS

The Company completed the following business combinations in 1997 and 1998 (see Note B to the Financial Statements for further details). The fiscal year 1997 business combination was accounted for as a pooling of interests, and the fiscal year 1998 business combinations were accounted for using the purchase method:

Company Name	Acquisition Date	Business Description
Consolidated Building Components, Inc. ("CBC")	December 22, 1997	Two facilities in Northwest Pennsylvania. Manufacturer of engineered trusses, wall panels and other products for commercial and residential construction and producers of manufactured homes.
Structural Lumber Products, Inc. ("SLP")	December 29, 1997	Three facilities in Texas. Manufacturer of engineered trusses and wall panels for residential construction.
Shoffner Industries, Inc. ("Shoffner")	March 30, 1998	Fourteen facilities in seven states at the time of acquisition, with headquarters in Burlington, North Carolina. Manufacturer of engineered trusses for commercial and residential construction.
Atlantic General Packaging, Inc. ("AGP")	April 14, 1998	One facility in North Carolina. Manufacturer of specialty wood packaging and industrial products.
Advanced Component Systems, Inc. ("ACS")	April 20, 1998	One facility in Colorado at the time of acquisition. Manufacturer of engineered trusses and distributor of lumber packages to commercial and residential construction.
Industrial Lumber Company, Inc. ("ILC")	June 4, 1998	One facility in California at the time of acquisition. Distributor of cut lumber for packaging and industrial applications.

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

Nascor Incorporated ("Nascor") - Purchased 59% ownership interest.	November 4, 1998	One facility in Calgary, Alberta, Canada. Manufacturer of engineered trusses, pre-insulated wall panels and I-joists for commercial and residential construction. Licensor of certain I-joist technology.
Pinelli Universal S. de R.L. de C.V. ("Pinelli") - Purchased 45% ownership interest.	December 18, 1998	One facility in Durango, Durango, Mexico. Manufacturer of mouldings and millwork products.

RESULTS OF OPERATIONS

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

	Years Ended		
	December 25, 1999	December 26, 1998	December 27, 1997
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	87.3	88.0	91.0
Gross profit	12.7	12.0	9.0
Selling, general, and administrative expenses(1)	8.3	7.8	6.2
Earnings from operations	4.4	4.2	2.8
Interest, net	0.8	0.7	0.4
Earnings before income taxes, minority interest and equity in earnings of investee	3.6	3.5	2.4
Income taxes	1.4	1.4	0.8
Earnings before minority interest and equity in earnings of investee	2.2	2.1	1.6
Minority interest	0.0	0.0	0.0
Equity in earnings of investee	0.0	0.0	0.0
Net earnings	2.2%	2.1%	1.6%

(1) 1997 selling, general and administrative expenses include reorganization costs.

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

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.

- Increasing sales of "value-added" products. Value-added product sales consist of fencing, decking, lattice and other specialty products sold to the DIY market; roof trusses sold to producers of manufactured homes; specialty wood packaging; and engineered wood products. A long-term goal of the Company is to achieve a ratio of value-added sales to total sales of at least 50%. Although the Company considers the treatment of dimensional lumber with certain chemical preservatives a value-added process, treated lumber is not presently considered 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.

This information is presented in the tables and narrative that follow.

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

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

Market Classification	Years Ended December 25, 1999	%	December 26, 1998	%	December 27, 1997	%
DIY	$ 650,859	45.4	$ 562,622	45.4	$ 499,195	46.8
Manufactured Housing	398,237	27.8	401,679	32.4	406,986	38.2
Site-Built Construction	212,479	14.8	127,550	10.3	20,629	1.9
Industrial	95,468	6.6	76,817	6.2	64,562	6.1
Wholesale Lumber	78,012	5.4	70,239	5.7	74,928	7.0
Total	$1,435,055	100.0	$1,238,907	100.0	$1,066,300	100.0

The following table estimates, for the periods indicated, the Company's percentage change in net sales which were attributable to changes in overall selling prices versus changes in units shipped.

	% Change in Sales	in Selling Prices	in Units
1999 versus 1998	+16%	+4%	+12%
1998 versus 1997	+16%	-8%	+24%
1997 versus 1996	+20%	+6%	+14%

The Company estimates that only 4% of its net sales increase was attributable to overall selling price increases in 1999 compared to 1998, despite an overall Lumber Market that was 16% higher on average during the same period. This was primarily due to the fact that approximately 50% of the Company's sales are comprised of SYP, which was 6% higher on average in 1999 compared to 1998. In addition, selling prices of the Company's value-added products do not necessarily correlate with the Lumber Market.

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

	Value-Added	Commodity-Based
1999	38.0%	62.0%
1998	38.8%	61.2%
1997	28.6%	71.4%

The decrease in the Company's ratio of value-added sales to total sales in 1999 compared to 1998 is primarily due to a significant increase in sales of treated lumber in 1999, which exceeded increases in sales of engineered wood products and specialty wood packaging.

DIY Market:

Do-It-Yourself Retailing, in its November 1999 edition, estimated a 9.9% increase in total retail sales by home improvement retailers comparing 1999 with 1998. The magazine also estimated a

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

compounded annual growth rate ("CAGR") from 1997 to 1999 of 7.7%, while the Company realized a 15.8% CAGR in sales to this market during the period. The Company has strong relationships with several national retail customers, the most significant of which is its long standing relationship with The Home Depot. The Company has developed these relationships due to its ability to provide quality products and a high level of service at competitive prices. As this market segment has continued to consolidate, certain national retail customers have captured additional market share and the Company has in turn increased its market share.

Net sales to the DIY market increased $88 million, or 15.7%, in 1999 compared to 1998, primarily due to an increase in unit sales of treated lumber combined with an overall increase in selling prices due to the level of the Lumber Market. The increase in treated lumber sales was primarily due to additional treating facilities which commenced operations during the first quarter of 1999. These sales increases were offset somewhat by a reduction in sales to three national customers. The decrease in sales to two of these customers was due to a decline in their financial positions, and the decrease in business with the third customer was due to competitive factors. Sales to the Company's largest customer increased 55.1% in 1999 compared to 1998 as the consolidation within the DIY market continues.

Net sales to the DIY market increased $63 million, or 12.7%, in 1998 compared to 1997. Over $51 million of this increase was due to sales generated by business acquisitions completed throughout 1998. At the end of 1997 and throughout 1998, the Company acquired manufacturers of engineered wood products used in site-built construction. A portion of these products are sold through certain retail customers and are considered DIY sales by the Company. In addition, the Company's existing plants increased their unit sales to the DIY market despite a 16% decrease in the Lumber Market.

Manufactured Housing Market:

Net sales to the manufactured housing market decreased $3 million, or 0.9%, in 1999 compared to 1998, primarily due to a decrease in sales to the Company's two largest customers in this market. These customers had an oversupply of finished homes at the retail level in the last six months of 1999, and as a result, dramatically curtailed their production of new homes. The decrease in sales to these accounts was partially offset by increased sales to several accounts and an increase in overall selling prices due to the effect of the higher Lumber Market. Management expects the oversupply of inventory in certain segments of the industry to negatively impact its sales to this market for the first two to three quarters of calendar year 2000.

Net sales to the manufactured housing market decreased $5 million, or 1.3%, in 1998 compared to 1997, due to a decline in overall selling prices, partially offset by an increase in unit sales. Overall selling prices to this market decreased as a result of the lower level of the Lumber Market in 1998 compared to 1997. The increase in unit sales resulted from CBC, which merged with the Company at the end of 1997, and which increased its sales to this market in 1998.

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

Site-Built Construction Market:

Net sales to the site-built construction market increased approximately $85 million, or 66.6%, in 1999 compared to 1998, due to the effect of operating businesses acquired in 1998 (see "Business Combinations") for a complete year in 1999. In addition, these businesses, which include Nascor, Shoffner, ACS and SLP, experienced an increase in same period sales due to a combination of strong housing markets, increased market share in their respective regions, and an increase in selling prices due to the effect of the higher Lumber Market.

Sales to the site-built construction market increased $107 million in 1998 compared to 1997, due to the Company's acquisitions of SLP, Shoffner and ACS. Sales to this market in 1997 represent those of CBC, whose results were pooled with the Company.

Industrial Market:

Net sales to the industrial market increased $19 million, or 24.3%, in 1999 compared to 1998, primarily due to the acquisition of ILC and increased market share by several existing plants in the Company's Far West Region. The Company continues to pursue market share growth in this fragmented industry through an internal growth strategy. The Company has organized a national sales and marketing group, established a sales incentive program to motivate employees and continues to increase production capacity to take advantage of market opportunities.

Net sales to the industrial market increased $12 million, or 19.0%, in 1998 compared to 1997, primarily due to the acquisitions of AGP and ILC in 1998.

Wholesale Market:

Net sales to the wholesale market increased $8 million, or 11.1%, in 1999 compared to 1998, due to increased unit sales combined with an increase in selling prices due to the effect of the higher Lumber Market. Although increasing sales to the wholesale market is not a strategic objective, the Company continues to supply its existing customers and take advantage of opportunities for profitable new business.

Net sales to the wholesale market decreased $5 million, or 6.3%, in 1998 compared to 1997, primarily due to a decrease in selling prices attributable to the lower level of the Lumber Market in 1998 compared to 1997.

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales increased to 12.7% in 1999, compared to 12.0% in 1998. This increase was primarily due to the following factors:

- An increase in sales of engineered wood products, primarily due to operating businesses acquired in 1998 for a complete year combined with an increase in same period sales by these businesses.

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

- An increase in sales and improved gross margins on sales of specialty wood packaging and components to the industrial market.

- These increases were offset partially by a decrease in sales of fencing and lattice products in certain regions of the country due to competitive factors.

Gross profit as a percentage of net sales increased to 12.0% in 1998 compared to 9.0% in 1997. This increase was primarily due to the following factors:

- An increase in sales of engineered wood products, fencing, specialty wood packaging and components.

- An improvement in results from sales of trusses to the manufactured housing industry over historically low levels recognized in 1997.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses ("SG&A") increased $23 million, or 23.3%, comparing 1999 with 1998. This increase was primarily due to:

- Expenses added through business acquisitions and other new operations totaling $12.2 million in 1999.

- An increase in selling and administrative headcount and travel costs to support the growth of the business and to pursue strategic initiatives.

- Continuing to form its national Sales, Marketing, and Manufacturing Departments to execute strategic growth and profitability initiatives.

- A one-time charge to write-off a cumulative translation adjustment related to the permanent shutdown of a wholly-owned Mexican subsidiary.

- An increase in incentive compensation expenses tied to profitability and return on investment objectives.

- Increases in certain variable selling and marketing expenses tied to sales.

SG&A increased $33 million, or 51.8%, comparing 1998 with 1997. This increase was primarily due to:

- Expenses added through business acquisitions and other new operations. The SG&A of these operations totaled $24 million in 1998.

- An increase in selling and administrative headcount to support the growth of the business.

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

- An increase in incentive compensation expenses tied to profitability and return on investment objectives.

- Increases in certain variable selling and marketing expenses tied to sales.

INTEREST, NET

Net interest costs increased approximately $2 million in 1999 compared to 1998, due to a higher average debt balance attributable to having acquisition related debt for a complete year in 1999 and increased working capital requirements in 1999. In addition, the Company recognized a higher borrowing rate on debt in 1999 compared to 1998 as a result of extending its maturities on acquisition related debt. Acquisitions were initially financed using one-year uncommitted credit lines in 1998. This debt was refinanced with senior notes having bullet maturities ranging from seven to ten years at the end of 1998.

Net interest costs increased approximately $5 million in 1998 compared to 1997, primarily due to acquisition related debt which totaled approximately $98 million in 1998.

INCOME TAXES

The Company's effective tax rate was 38.7% in 1999 compared to 38.6% in 1998. Effective tax rates differ from statutory federal income tax rates, primarily due to:

- Provisions for state and local income taxes.

- Permanent tax differences.

The Company recognized a slightly higher effective tax rate in 1999 due to an increase in state and local income taxes offset by a reduction in a valuation allowance related to a deferred tax asset of Nascor.

The Company's effective tax rate was 38.6% in 1998 compared to 34.7% in 1997. The Company recognized a comparatively higher effective tax rate in 1998 due to an increase in state and local income taxes combined with a permanent tax difference related to an acquisition. The Company's 1997 effective tax rate was unusually low due to the effect of pooling the pre-tax earnings of CBC (a former S-Corporation) in 1997.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities totaled $33 million in 1999 compared to $67 million in 1998. The effect of changes in inventory levels resulted in a $43 million decrease in operating cash flow comparing 1999 with 1998. Inventory increased $23 million from December 1998 to December 1999 due to a higher Lumber Market at the end of 1999 compared to 1998, and increased inventory

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

associated with new business with the Company's largest customer. Conversely, inventory decreased $20 million from December 1997 to December 1998 due to a significant decline in the Lumber Market. This decrease was offset by increases in net earnings, depreciation expense and accounts payable at the end of 1999 versus 1998.

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 decreased to 42.6 days in 1999 from 46.0 days in 1998. This decrease is primarily due to extended payment terms with several vendors and improved inventory management in 1999. These positive factors were offset somewhat by a slight increase in days sales outstanding, primarily due to the payment terms within the site-built construction industry.

Capital expenditures totaled $35.4 million in 1999 compared to $28.4 million in 1998. This increase was primarily due to expenditures related to new facilities acquired during 1999. Investments associated with new facilities totaled $23.8 million in 1999 compared to $12.0 million in 1998. On December 25, 1999, outstanding purchase commitments on capital projects totaled $9.2 million. The Company intends to satisfy these commitments utilizing its revolving credit facility. Although the Company increased its capital expenditures for new facilities as part of its internal growth strategy, it did not complete any business acquisitions during 1999. Management continues to focus on assimilating the acquisitions it completed in 1998, while also investigating other potential targets.

Cash flows from financing activities totaled less than $1.0 million in 1999 compared to $59.3 million in 1998. The decrease was due to the absence of business acquisitions in 1999, offset by greater working capital requirements and an increase in capital expenditures. In addition, the Company repurchased 677,801 shares of common stock at a total cost of approximately $10.5 million in 1999.

On December 25, 1999, the Company had $11.8 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 December 25, 1999.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

The Company is self-insured for environmental impairment liability, and accrues for the estimated cost of monitoring or remediation activities. The Company owns and/or operates 20 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. Remediation activities at the Granger, IN facility were

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

completed in the second quarter of 1999. Other than minimal costs to dismantle the remediation network, no other costs are expected at the Granger, IN facility in the future.

The Company has accrued, in other long-term liabilities, amounts totaling $2.4 million and $2.3 million on December 25, 1999 and December 26, 1998, respectively, for the activities described above. The Company has increased its accrual due to monitoring and testing which will be required at the Company's Auburndale, FL facility. Management believes 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.

FORWARD OUTLOOK

The following section contains 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 in the "Risk Factors" section of this report 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.

PERFORMANCE 2002

In 1997, the Company concluded its annual planning efforts and announced its goals for growth and diversification entitled Performance 2002. The goals called for the Company to double its sales by the fiscal year ending 2002 while maintaining or achieving a leadership position in the four markets that consume the vast majority of wood fiber in the United States. The Company's sales goals by market and a summary of the Company's progress towards achieving these goals are as follows (in millions):

	Targeted Sales in 2002	Actual Sales in 1999	Targeted 3-Year CAGR
DIY	$1,000	$651	15%
Manufactured Housing	500	398	8%
Site-Built Construction	250	213	5%
Industrial and Other	250	173	13%
Total	$2,000	$1,435	12%

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

DIY MARKET

Do-It-Yourself Retailing, in its November 1999 edition, forecasted the following total retail sales for home improvement retailers for 2000 through 2002 (in billions), which result in a CAGR of 3% from 1999 sales of $159.7 billion. The Company has no means of ascertaining the accuracy of this industry-wide projection, and actual results could vary significantly.

2000..................	$165.0
2001..................	$171.0
2002..................	$175.0

The consolidation within the DIY industry continued in 1999 as top performers obtained additional market share. The Company feels it is in a position to continue to capitalize on these industry conditions as a result of its national presence, service capabilities that meet stringent customer requirements and diversified product offerings. The Company's goal is to continue to increase market share with an emphasis on new value-added products, including engineered wood products.

MANUFACTURED HOUSING MARKET

Manufactured Home Merchandiser, in its January 2000 edition, forecasted a decrease of industry shipments to retailers of over 4% in 2000 due to an oversupply of finished homes at the retail level. The Company has no means of ascertaining the accuracy of this industry-wide projection, and actual results could vary significantly. The Company has positioned itself to handle a short-term reduction in volume, but should the manufactured housing industry enter into a prolonged downturn, it could adversely affect the Company's operating results.

Management believes the manufactured housing industry's oversupply of inventory will continue to negatively impact the Company's sales for the next two or three quarters. However, it also believes this situation is temporary and the industry will return to its moderate long term growth as manufactured homes continue to be an attractive alternative to conventional homes as a result of their affordability, quality and the availability of conventional long-term financing. Management believes the Company may also have market share growth opportunities involving the sale of new value-added products to these customers.

SITE-BUILT CONSTRUCTION MARKET

The Company entered into this market primarily through acquisition and has continued its growth initiatives in this market by opening several new facilities in 1999. As a result of these actions, the Company has become one of the largest manufacturers of engineered wood products in the United States while operating 29 facilities in 13 states. Management plans to continue to grow its market share by adding production capacity to existing facilities, opening new plants and continuing to pursue business acquisitions in order to enter key geographic markets.

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

The National Association of Home Builders published forecasted annual housing starts of 1,660,000, 1,535,000 and 1,540,000 for 2000, 2001 and 2002, respectively.

Housing starts are expected to have reached peak levels in 1999 while having increased 2.2% from 1998. Despite a forecasted decrease in housing starts from this peak level, management believes the sale of engineered wood products will continue to grow. The Freedonia Group, in its Industry Study 979, forecasted a 7% CAGR in the sale of engineered wood components through the year 2002 because of the benefits these products provide builders over traditional carpentry methods employed on the job site. Some of these benefits include cost advantages through more efficient labor and better material utilization, faster home construction and improved product quality. In addition, this market is consolidating as large production-oriented builders continue to take more market share. Management believes the Company's geographic presence and national sales efforts will allow it to increase market share as well.

INDUSTRIAL MARKET

A key strategic objective of the Company is to increase its sales of wood packaging products to industrial users. A majority of these sales are value-added products which are often produced from the offal of the Company's other products, providing better overall utilization of wood fiber. In addition, this market is typically less seasonal and requires the use of a lower quality range of wood fiber grades which, coupled with the Company's purchase of higher grades for the other markets described above, makes the Company a more valued customer to its mill suppliers. The Company plans to continue to obtain market share through an internal growth strategy utilizing its current manufacturing capabilities while continuing to look for strategic acquisitions in this market which meet the Company's criteria. In addition, the Company has positioned itself to utilize its available sales force and production capacity to grow its business in this market while mitigating the expected affect of the temporary downturn in the manufactured housing market.

GROSS PROFIT

Management believes the following factors may impact the Company's future gross profits:

- The Company has a long-term goal of increasing its ratio of value-added sales to total sales to 50%, which in turn should increase gross margins. Management believes its acquisition and internal sales growth strategies will help it continue to make progress toward this objective. Achievement of this goal is dependent, in part, upon certain factors that are beyond the control of management.

- Decreased demand in the manufactured housing market due to an oversupply of homes at the retail level may have a negative effect on the Company's gross profit in the year 2000.

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

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A costs have increased as a percentage of sales in recent years primarily due to acquisitions of engineered wood product manufacturers which have extensive engineering and design costs and costs associated with creating new national sales, marketing and manufacturing departments to execute key strategic initiatives. SG&A costs as a percentage of sales may continue to increase in the future as engineered wood products and specialty wood packaging become a greater percentage of the Company's total business. However, management strives to achieve economies of scale in other administrative departments as sales growth objectives are met.

LIQUIDITY AND CAPITAL RESOURCES

Management expects to spend between $28 million and $32 million on capital expenditures in 2000. Besides "maintenance" capital expenditures totaling approximately $10 million, the Company plans to spend approximately $12 million to upgrade or expand the production capacity of its existing plants, and approximately $8 million on new operations in key markets. In addition, the Company plans to continue to execute its acquisition strategy in 2000, and will consider issuing additional long-term debt and/or common stock as part of a transaction.

In 2000, the Company has no present intention to change its current, semi-annual dividend policy of $0.040 per share. The Company also has the ability to repurchase approximately 1.1 million shares of its common stock under a share repurchase program approved by the Board of Directors. While it is the Company's primary objective to invest in the profitable growth of the business, it may repurchase shares of its common stock from time to time. In addition, the Company is obligated to pay amounts due on long-term debt totaling approximately $7.4 million.

The Company has a $175 million revolving credit facility used to fund seasonal working capital requirements and growth. Management believes its peak seasonal working capital requirements are expected to consume $65 million to $75 million of this availability during the period from April through May. The Company will finance its remaining capital requirements to support its Performance 2002 growth objectives by using its revolving credit facility, issuing additional long-term debt or common stock or by using a combination of these methods.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Universal Forest Products, Inc.
Grand Rapids, Michigan

We have audited the accompanying consolidated balance sheets of Universal Forest Products, Inc. and subsidiaries as of December 25, 1999 and December 26, 1998, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three fiscal years in the period ended December 25, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Universal Forest Products, Inc. and subsidiaries as of December 25, 1999 and December 26, 1998, and the results of their operations and their cash flows for each of the three fiscal years in the period ended December 25, 1999, in conformity with generally accepted accounting principles.

Grand Rapids, Michigan
January 24, 2000

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data.)

ASSETS	Note	December 25, 1999	December 26, 1998
CURRENT ASSETS:			
Cash and cash equivalents	B	$ 4,106	$ 920
Accounts receivable (net of allowance for doubtful accounts of $1,379 and $3,540)	B	70,012	62,711
Inventories:			
Raw materials	B	44,722	36,856
Finished goods	B	86,813	71,543
		131,535	108,399
Other current assets	B	1,354	2,911
Prepaid income taxes	L	3,416	2,625
Deferred income taxes	B, L	5,083	4,011
TOTAL CURRENT ASSETS		215,506	181,577
OTHER ASSETS	B, F, J	10,836	10,680
GOODWILL AND NON-COMPETE AGREEMENTS, NET	B	93,183	96,222
PROPERTY, PLANT AND EQUIPMENT:			
Land and improvements	B, E	28,320	24,363
Buildings and improvements	B, E	78,926	70,091
Machinery, equipment and office furniture	B, E	102,282	83,722
Construction in progress		13,214	14,529
		222,742	192,705
Less accumulated depreciation and amortization	B, E	(73,629)	(61,389)
PROPERTY, PLANT AND EQUIPMENT, NET		149,113	131,316
TOTAL ASSETS		$ 468,638	$ 419,795
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term debt	B, D	$ 1,520	$ 1,997
Accounts payable	B	46,621	38,751
Accrued liabilities:			
Compensation and benefits	B, K	32,491	28,025
Other	B, C	3,148	3,485
Current portion of long-term debt and capital lease obligations	B, D, E	7,402	9,760
TOTAL CURRENT LIABILITIES		91,182	82,018
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	B, D, E	146,896	132,120
DEFERRED INCOME TAXES	B, L	8,398	8,100
OTHER LIABILITIES	F, M	7,600	5,974
COMMITMENTS AND CONTINGENCIES	M		
TOTAL LIABILITIES		254,076	228,212
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, 20,212,385 and 20,710,263	B, G, H	20,212	20,710
Additional paid-in capital	B, G	78,625	77,526
Retained earnings	B	115,327	95,221
Accumulated other comprehensive earnings		1,033	(1,072)
		215,197	192,385
Officers' stock notes receivable	I	(635)	(802)
TOTAL SHAREHOLDERS' EQUITY		214,562	191,583
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 468,638	$ 419,795

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share data.)

	Note	Year Ended December 25, 1999	December 26, 1998	December 27, 1997
NET SALES	B	$ 1,435,055	$ 1,238,907	$ 1,066,300
COST OF GOODS SOLD	B, E, K	1,252,584	1,089,693	970,822
GROSS PROFIT		182,471	149,214	95,478
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	B, E, J, K	119,673	97,065	63,925
REORGANIZATION COSTS	C			1,698
EARNINGS FROM OPERATIONS		62,798	52,149	29,855
INTEREST, NET:				
Interest expense	B, D	11,853	9,506	4,305
Interest income	I	(592)	(391)	(432)
		11,261	9,115	3,873
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE		51,537	43,034	25,982
INCOME TAXES	B, L	19,955	16,615	9,025
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE		31,582	26,419	16,957
MINORITY INTEREST	B	(701)		
EQUITY IN EARNINGS OF INVESTEE	B	567		
NET EARNINGS		$ 31,448	$ 26,419	$ 16,957
EARNINGS PER SHARE - BASIC		$ 1.52	$ 1.33	$ 0.97
EARNINGS PER SHARE - DILUTED		$ 1.48	$ 1.28	$ 0.93
WEIGHTED AVERAGE SHARES OUTSTANDING	B	20,637	19,917	17,528
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	B	21,186	20,613	18,234

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except share and per share data.)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Earnings	Officers' Stock Notes Receivable	Total
BALANCE AT DECEMBER 28, 1996	$ 17,438	$ 28,446	$56,426	$(830)	$ (665)	$ 100,815
Comprehensive earnings:						
Net earnings			16,957			
Foreign currency translation adjustment				(52)		
Total comprehensive earnings						16,905
Cash dividends - $.065 per share			(1,116)			(1,116)
CBC shareholder distributions			(978)			(978)
Issuance of 186,452 shares	187	426				613
Repurchase of 82,502 shares	(83)		(1,036)			(1,119)
Tax benefits from non-qualified stock options exercised		613				613
Issuance of officers' stock notes receivable	30	370			(400)	0
Payments received on officers' stock notes receivable					165	165
BALANCE AT DECEMBER 27, 1997	$ 17,572	$ 29,855	$ 70,253	$ (882)	$ (900)	$ 115,898
Comprehensive earnings:						
Net earnings			26,419			
Foreign currency translation adjustment				(190)		
Total comprehensive earnings						26,229
Cash dividends - $.070 per share			(1,451)			(1,451)
Final settlement of CBC acquisition	(17)	(218)				(235)
Issuance of 3,154,866 shares	3,155	47,889				51,044
Payments received on officers' stock notes receivable					98	98
BALANCE AT DECEMBER 26, 1998	$ 20,710	$ 77,526	$ 95,221	$ (1,072)	$ (802)	$ 191,583
Comprehensive earnings:						
Net earnings			31,448			
Foreign currency translation adjustment				2,105		
Total comprehensive earnings						33,553
Cash dividends - $.075 per share			(1,539)			(1,539)
Issuance of 179,923 shares	180	802				982
Repurchase of 677,801 shares	(678)		(9,803)			(10,481)
Tax benefits from non-qualified stock options exercised		297				297
Payments received on officers' stock notes receivable					167	167
BALANCE AT DECEMBER 25, 1999	$ 20,212	$ 78,625	$ 115,327	$ 1,033	$ (635)	$ 214,562

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands.)

	Note	Year Ended December 25, 1999	Year Ended December 26, 1998	Year Ended December 27, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net earnings	B	$ 31,448	$ 26,419	$ 16,957
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation	E	14,885	12,584	9,515
Amortization of non-compete agreements and goodwill	B	3,270	2,464	527
Deferred income taxes	B, L	(774)	1,292	(578)
Loss on sale of property, plant and equipment		489	422	683
Changes in:				
Accounts receivable	B	(7,300)	(5,698)	(1,974)
Inventories	B	(23,136)	20,093	(20,767)
Other	B	1,647	213	25
Accounts payable	B	7,870	(1,504)	18,851
Accrued liabilities	B	4,129	10,294	(4,157)
NET CASH FROM OPERATING ACTIVITIES		32,528	66,579	19,082
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	B	(35,418)	(28,433)	(13,631)
Acquisitions, net of cash received	B		(98,167)	
Proceeds from sale of property, plant and equipment	B	2,247	1,688	380
Advances on notes receivable	B	(139)	(3,200)	
Collection of notes receivable	I	3,431	377	618
Purchases of other assets		(87)	(370)	(205)
NET CASH FROM INVESTING ACTIVITIES		(29,966)	(128,105)	(12,838)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net borrowings (repayments) of notes payable and revolving credit facilities	B, D	(5,056)	11,880	4,500
Proceeds from issuance of long-term debt, net	B, D	27,502	80,304	
Repayment of long-term debt	B, D	(10,744)	(31,952)	(6,312)
Proceeds from issuance of common stock	G, H	942	508	608
Dividends paid to shareholders		(1,539)	(1,451)	(1,116)
Repurchase of common stock	G	(10,481)		(1,119)
CBC shareholder distributions	B			(978)
NET CASH FROM FINANCING ACTIVITIES		624	59,289	(4,417)
NET CHANGE IN CASH AND CASH EQUIVALENTS		3,186	(2,237)	1,827
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		920	3,157	1,330
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 4,106	$ 920	$ 3,157

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In thousands.)

	Note	Years Ended December 25, 1999	December 26, 1998	December 27, 1997
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	D	$ 11,760	$ 9,407	$ 4,347
Income taxes	L	20,746	14,815	12,934
NON-CASH INVESTING ACTIVITIES:				
Note payable issued in exchange for non-compete agreements	B		2,462	
Note payable issued in business combination	B		857	
Property, plant and equipment acquired through capital leases	E	255	181	
Fair market value of common stock issued in business combinations	B		50,509	
Officers' stock notes receivable	I			400
NON-CASH FINANCING ACTIVITIES:				
Inventory exchanged for a note receivable			1,040	

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

Universal Forest Products, Inc. (the "Company") engineers, manufactures, treats and distributes lumber products for the do-it-yourself, manufactured housing, industrial, wholesale and site-built construction markets. The Company's principal products are preservative-treated wood, remanufactured lumber, lattice, fence panels, deck components, specialty packaging, engineered trusses, wall panels, I-joists and other building products.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries and partnerships. All significant intercompany transactions and balances have been eliminated. The equity method of accounting is used for the Company's 50% or less owned affiliates over which the Company has the ability to exercise significant influence.

FISCAL YEAR

The Company's fiscal year is a 52 or 53 week period, ending on the last Saturday of December. Unless otherwise stated, references to 1999, 1998 and 1997 relate to the fiscal years ended December 25, 1999, December 26, 1998 and December 27, 1997, respectively. Each of these fiscal years were comprised of 52 weeks.

FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 107, "Disclosures about Fair Value of Financial Instruments," the estimated fair values of financial instruments have been determined by the Company; significant differences in fair market values and recorded values are disclosed in Note D. The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The fair value estimates presented herein are based on pertinent information available to management as of December 25, 1999. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Management believes its estimates to be reasonable, however, actual results could differ from these estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and highly-liquid investments purchased with an original maturity of three months or less.

INVENTORIES

Inventories are stated at the lower of average cost or market. Raw materials consist primarily of unfinished wood products expected to be manufactured or treated prior to sale, while finished goods represent various manufactured and treated wood products ready for sale.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Expenditures for renewals and betterments are capitalized, and maintenance and repairs are expensed as incurred. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements..................................	15 to 31.5 years
Land improvements...	5 to 15 years
Machinery and equipment.....................................	3 to 8 years
Office furniture..	5 to 8 years

FOREIGN CURRENCY TRANSLATION

With the exception of its operations in Mexico, the financial statements of the Company's foreign operations are translated into U.S. dollars at current rates of exchange, with gains or losses included as a separate component of shareholders' equity. Prior to January 1999, due to the hyper-inflationary state of the Mexican economy, the financial statements of the Mexican operations were translated at either current or historical exchange rates, as appropriate. These adjustments, along with gains or losses resulting from foreign currency transactions were not material in 1999, 1998 or 1997, and are reflected in earnings from operations.

Effective January 1999, Mexico was no longer considered a highly inflationary economy, and the Company began translating the financial statements of its Mexican operations using current rates of exchange.

INCOME TAXES

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future. Such deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

REVENUE RECOGNITION AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Revenue is recognized at the time the product is shipped to the customer. The Company accrues for bad debt expense based on its history of accounts receivable write-offs to sales. Individual accounts receivable balances are evaluated on a monthly basis, and those balances considered to be uncollectible are charged to the allowance. Collections of amounts previously written off are recorded as an increase to the allowance. Bad debt expense amounted to approximately $858,000, $515,000 and $728,000, for 1999, 1998 and 1997, respectively.

EARNINGS PER COMMON SHARE

Basic earnings per share ("EPS") is calculated based on the weighted average number of common shares outstanding during the periods presented. Diluted EPS is calculated based on the weighted average number of common and common equivalent shares outstanding during the periods presented, giving effect to stock options granted in 1993, 1998 and 1999 (see Note H) utilizing the "treasury stock" method.

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):

	1999			1998			1997		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
NET EARNINGS........	$31,448			$26,419			$16,957		
EPS - BASIC Income available to common stockholders......	31,448	20,637	$1.52	26,419	19,917	$1.33	16,957	17,528	$0.97
EFFECT OF DILUTIVE SECURITIES Options.............		549			696			706	
DILUTED EPS Income available to common stockholders and assumed options exercised.	$31,448	21,186	$1.48	$26,419	20,613	$1.28	$16,957	18,234	$0.93

Options to purchase 509,600 shares of common stock at exercise prices ranging from $18.25 to $36.01 were outstanding at December 25, 1999, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common stock and, therefore, would be antidilutive.

STOCK-BASED COMPENSATION

Effective January 1, 1996, the Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation," and as permitted by this Standard, continues to apply the recognition and measurement principles of Accounting Principles Board Opinion No. 25 to its stock-based compensation (see Note H).

RECLASSIFICATIONS

Certain reclassifications have been made in the 1997 and 1998 consolidated financial statements to conform to the classifications used in 1999.

B. BUSINESS COMBINATIONS

On December 22, 1997, a subsidiary of the Company completed a merger with Consolidated Building Components, Inc. ("CBC"), a manufacturer of engineered trusses, wall panels and other products for commercial and residential builders and producers of manufactured homes. CBC operates two plants in Northwest Pennsylvania. The Company issued 398,000 shares of its common stock in exchange for all of the stock of CBC. This transaction was accounted for as a pooling of interests. CBC's shareholders had elected to be taxed as an S-Corporation; therefore, no provision for federal or state income taxes was included in CBC's financial statements for 1997. A provision for deferred taxes was recorded by the Company on December 27, 1997 for differences between financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future.

Each of the following business combinations have been accounted for as a purchase. Accordingly, in each instance, the purchase price was allocated to the assets acquired and liabilities assumed based on their fair market values at the date of acquisition. Any excess of the purchase price over the fair value of the acquired assets and assumed liabilities was recorded as goodwill in each transaction. The Company has amortized goodwill on a straight-line basis over 40 years. Non-compete agreements are amortized on a straight-line basis over the term of the agreements. The results of operations of each acquisition is included in the Company's consolidated financial statements since the date it was acquired.

On December 29, 1997, a partnership of the Company acquired substantially all of the assets of Structural Lumber Products, Inc. ("SLP"), a manufacturer of engineered trusses and wall panels for residential builders. SLP operated plants in San Antonio, Austin and Dallas, Texas at the time of acquisition. The total purchase price of the transaction was $18.5 million, initially funded through the Company's lines of credit. The excess of the purchase price over the estimated fair value of the acquired assets was $12.7 million.

On March 30, 1998, a subsidiary of the Company acquired 100% of the outstanding shares of Shoffner Industries, Inc. ("Shoffner") in exchange for $41.1 million in cash, initially funded through the Company's lines of credit, and 3 million shares of the Company's common stock. Shoffner is a manufacturer of engineered roof and floor trusses for commercial and residential builders with 14 facilities in 7 states at the time of acquisition. The excess of the purchase price over the estimated fair value of the acquired assets and liabilities assumed was $66.6 million.

On April 14, 1998, a subsidiary of the Company acquired substantially all of the assets and assumed certain liabilities of Atlantic General Packaging, Inc. ("AGP"), a manufacturer of specialty wood packaging products. AGP operates one facility in Warrenton, North Carolina. The total purchase price for the net assets of AGP consisted of cash of $1.0 million, a note payable of $857,000, and 57,950 shares of the Company's common stock.

On April 20, 1998, a subsidiary of the Company acquired substantially all of the assets and assumed certain liabilities of Advanced Component Systems, Inc. ("ACS"), a manufacturer of engineered trusses for commercial and residential builders. ACS operated one facility in Lafayette, Colorado at the time of acquisition. The total purchase price for the net assets of ACS was $27.0 million of cash, initially funded through the Company's lines of credit. The excess of the purchase price over the estimated fair value of the acquired assets and liabilities assumed was $10.6 million.

On June 4, 1998, a subsidiary of the Company acquired substantially all of the assets of Industrial Lumber Company, Inc. ("ILC"), a distributor of low grade cut lumber for packaging. The total purchase price for the net assets of ILC consisted of $3.0 million in cash, initially funded through the Company's lines of credit. The Company also exchanged notes payable totaling $2.2 million for non-compete agreements.

On November 4, 1998, a subsidiary of the Company acquired 59% of the outstanding shares of Nascor Incorporated ("Nascor"), a manufacturer of engineered trusses, pre-insulated wall panels and I-joists, and a licensor of certain I-joist technology. Nascor operates out of a single facility in Calgary, Alberta. The Company exchanged $2.8 million for 5,552,500 shares of Nascor's outstanding common stock. The transaction was initially funded through the Company's revolving credit facility. The excess of the purchase price over the estimated fair value of the acquired assets, assumed liabilities and minority interest liability was $1.4 million.

On December 18, 1998, a subsidiary of the Company acquired a 45% interest in Pino Exporta, renamed to Pinelli Universal S. de R.L. de C.V. ("Pinelli"), a manufacturer of mouldings and related products. Pinelli operates out of one facility in Durango, Mexico. The Company exchanged $3.0 million for its share of the outstanding common stock of Pinelli, and accounts for its investment utilizing the equity method of accounting. The Company retains an option to acquire an additional 5% interest for $1 million. The option expires after December 1, 2001. In conjunction with this investment, the Company advanced $3.2 million in cash to Pinelli in exchange for a note receivable.

C. REORGANIZATION COSTS

In the fourth quarter of 1997, the Company announced a plan of reorganization. In accordance with that plan, in 1998 it consolidated its operating companies into two integrated divisions, consolidated its regional purchasing from five offices down to two, consolidated or closed certain manufacturing facilities and discontinued manufacturing and/or selling certain products and product lines. In connection with this plan of reorganization, the Company recorded a charge of $1.6 million in 1997 that consisted of termination benefits of $448,000, write-downs of fixed assets of $260,000, abandoned lease costs of $216,000 and plant remediation costs of $695,000. During 1999 and 1998, the Company made payments related to the reorganization of $349,000 and $379,000, respectively, and in 1998 reclassified other amounts against the related fixed assets.

D. DEBT

Effective November 13, 1998, the Company obtained a five-year, $175 million revolving credit facility which includes amounts reserved for letters of credit. The facility expires in November 2003, and replaced the Company's unsecured lines of credit which had short-term borrowings of $4,500,000 on December 27, 1997. Borrowings under the revolver are charged interest at a rate of 50 basis points over the applicable Eurodollar rate, while borrowings under the short-term credit lines were at negotiated rates below each respective bank's prime rate. The average rates on these borrowings in 1999, 1998 and 1997 were 5.9%, 5.6% and 6.0%, respectively. The amounts outstanding under the revolving credit facility are included in the long-term debt summary below. Outstanding letters of credit extended on the Company's behalf aggregated $9.8 million on December 25, 1999.

A majority-owned subsidiary of the Company has an operating line of credit with a bank totaling approximately $2.1 million, which bears interest at the bank's prime lending rate (6.5% on December 25, 1999) plus 2.00% per annum. The line is secured by inventory and accounts receivable. There was approximately $1.5 million and $2.0 million outstanding on this line on December 25, 1999 and December 26, 1998, respectively. In addition, this subsidiary has outstanding letters of credit totaling approximately $1.0 million on December 25, 1999.

On December 21, 1998, the Company completed a $100 million private placement of senior unsecured notes payable. The notes were issued in two installments. The Company received the first two tranches aggregating $81 million on December 21, 1998, and the remaining tranche of $19 million was received on February 4, 1999. The notes have an average life of nine years and an average interest rate of 6.9%.

During 1999, the Company issued $7.0 million in variable rate Industrial Development Revenue Bonds. These bonds have bullet maturities ranging from 20 to 30 years.

Long-term debt and capital lease obligations are summarized as follows on December 25, 1999 and December 26, 1998 (amounts in thousands):

	1999	1998
Senior unsecured notes, $5,714 due annually commencing May 1998 through May 2004, interest due semi-annually at 7.15%	$ 28,571	$ 34,286
Series 1998-A Senior Notes Tranche C, due on December 21, 2008, interest payable semi-annually at 6.98%	19,000	
Series 1998-A Senior Notes Tranche B, due on December 21, 2008, interest payable semi-annually at 6.98%	59,500	59,500
Series 1998-A Senior Notes Tranche A, due on December 21, 2005, interest payable semi-annually at 6.69%	21,500	21,500
Revolving credit facility totaling $175,000,000, due on November 13, 2003, interest due monthly at a floating rate (6.03% on December 25, 1999)	11,800	16,380
Series 1998 Industrial Development Revenue Bonds, due on December 1, 2018, interest payable monthly at a floating rate (3.52% on December 25, 1999)	1,300	
Series 1999 Industrial Development Revenue Bonds, due on July 1, 2029, interest payable monthly at a floating rate (3.74% on December 25, 1999)	2,400	
Series 1999 Industrial Development Revenue Bonds, due on August 1, 2029, interest payable monthly at a floating rate (3.62% on December 25, 1999)	3,300	
Capital lease obligations, interest imputed at rates ranging from 7.25% to 8.00%	3,080	3,430
Notes payable under non-compete agreements, interest imputed at a rate of 7.0%	1,121	2,014
Other	2,726	4,770
	154,298	141,880
Less current portion	7,402	9,760
Long-term portion	$146,896	$132,120

The terms of the revolving credit facility and senior unsecured note agreements (collectively the "agreements") require, in part, the Company to maintain a minimum net worth and comply with certain financial ratios. The agreements also restrict the amount of additional indebtedness the Company may incur and the amount of assets which may be sold.

On December 25, 1999, the principal maturities of long-term debt and capital lease obligations are as follows (in thousands):

2000	$ 7,402
2001	6,674
2002	8,445
2003	17,977
2004	5,899
Thereafter	107,901
	$154,298

On December 25, 1999, the estimated fair value of the Company's long-term debt, including the current portion, was $147,383,000, which was $6,915,000 less than the carrying value. The estimated fair value is based on rates anticipated to be available to the Company for debt with similar terms and maturities. The estimated fair values of notes payable included in current liabilities and the revolving credit facility approximated the carrying values.

E. LEASES

Leased property included in the balance sheet on December 25, 1999 and December 26, 1998 is as follows (in thousands):

	1999	1998
Land and improvements	$ 295	$ 295
Buildings and improvements	481	481
Machinery and equipment	3,366	3,111
	4,142	3,887
Less accumulated amortization	(600)	(369)
	$3,542	$3,518

The Company leases certain real estate under operating lease agreements with original terms ranging from one to ten years. The Company is required to pay real estate taxes and other occupancy costs under these leases. Certain leases carry renewal options of five to fifteen years. The Company also leases motor vehicles and equipment under operating lease agreements, for periods of one to seven years. Future minimum payments under noncancellable leases on December 25, 1999 are as follows (in thousands):

	Capital Leases	Operating Leases	Total
2000	$ 339	$ 4,907	$ 5,246
2001	379	4,101	4,480
2002	2,867	3,086	5,953
2003	116	1,908	2,024
2004	5	1,008	1,013
Subsequent		482	482
Total minimum lease payments	3,706	$15,492	$19,198
	(626)		
	$3,080		

Rent expense was approximately $6,939,000, $5,766,000 and $4,816,000 in 1999, 1998 and 1997, respectively.

F. DEFERRED COMPENSATION

The Company established a program whereby certain executives irrevocably elected to defer receipt of certain compensation in 1985 through 1988. Deferred compensation payments to these executives will commence upon their retirement from the Company. The Company has purchased life insurance on such executives, payable to the Company in amounts which, if assumptions made as to mortality experience, policy dividends and other factors are realized, will accumulate cash values adequate to reimburse the Company for all payments for insurance and deferred compensation obligations. In the event cash values are not sufficient to fund such obligations, the program allows the Company to reduce benefit payments to such amounts as may be funded by accumulated cash values.

The Company also maintains a non-qualified deferred compensation plan (the "Plan") for the benefit of senior management employees who may elect to defer a portion of their annual bonus payments. The Plan provides investment options similar to the 401(k) plan, including the Company's stock. Investments in shares of the Company's stock are made on a "phantom stock" basis. Assets for the Plan totaled approximately $1,665,000 and $1,241,000 on December 25, 1999 and December 26, 1998, respectively, and are included in "Other Assets." Related liabilities totaled $2,406,000 and $1,655,000 on December 25, 1999 and December 26, 1998, respectively, and are included in "Other Liabilities." The assets and related liabilities are recorded at fair market value.

G. COMMON STOCK

In January 1994, the Employee Stock Gift Program was approved by the Board of Directors which allows management to gift shares of stock to eligible employees based on length of service. The Company gifted 275, 400 and 275 shares of stock under this Plan in 1999, 1998 and 1997, respectively, and recognized the market value of the shares at the date of issuance as an expense.

In April 1994, shareholders approved the Employee Stock Purchase Plan ("Stock Purchase Plan") and Director Retainer Stock Plan ("Stock Retainer Plan"). The Stock Purchase Plan allows eligible employees to purchase shares of Company stock at a share price equal to 90% of fair market value on the purchase date. In 1999, 1998 and 1997, 17,789, 15,016 and 8,677 shares, respectively, were issued under this Plan for amounts totaling approximately $301,000, $208,000 and $113,000, respectively. The Stock Retainer Plan allows eligible members of the Board of Directors to defer their retainer fees and receive shares of Company stock at the time of their retirement, disability or death. The number of shares to be received is equal to the amount of the retainer fee deferred multiplied by 110% divided by the fair market value of a share of Company stock at the time of deferral, and is increased for dividends declared. The Company has accrued, in "Accrued Liabilities - Other," approximately $204,000 and $163,000 on December 25, 1999 and December 26, 1998, respectively, for amounts incurred under this Plan.

In January 1997, the Company instituted a Directors' Stock Grant Program. In lieu of a cash increase in the amount of Director fees, each outside Director receives 100 shares of stock for each Board Meeting attended up to a maximum of 400 shares per year. In 1999 and 1998, the Company issued 1,800 and 1,500 shares, respectively, and recognized the market value of the shares on the date of issuance as an expense.

On April 22, 1997, the shareholders approved the Long Term Stock Incentive Plan to succeed the Company's 1994 Employee Stock Option Plan. The Plan reserved a maximum of 1,100,000 shares, and provided for the granting of incentive stock options, reload options, stock appreciation rights, restricted stock, performance shares and other stock-based awards. The term of the Plan was ten years. In 1999 and 1998, the Company granted incentive stock options for 231,161 and 471,002 shares, respectively.

On April 28, 1999, the shareholders approved the Long Term Stock Incentive Plan to succeed the Company's 1997 Long Term Stock Incentive Plan. The Plan reserves a maximum of 1,000,000 shares, plus 406,029 shares remaining under the 1997 Plan, plus an annual increase of no more than 200,000 shares which may be added on the date of the annual meeting of shareholders each year. The Plan provides for the granting of incentive stock options, reload options, stock appreciation rights, restricted stock, performance shares and other stock-based awards. The term of the Plan is ten years. In 1999, the Company granted incentive stock options for 25,000 shares.

On October 25, 1997, the Board of Directors approved a share repurchase program for up to 1,000,000 shares of the Company's common stock. In 1997, the Company repurchased 85,502 shares of its common stock for $1,119,000. On October 21, 1998, the Board of Directors approved a new share repurchase program to succeed the 1997 program. This program allows the Company to repurchase up to 1,800,000 shares of its common stock. In 1999, the Company repurchased 677,801 shares of its common stock for $10,481,000.

On December 25, 1999, a total of 2,991,166 shares are reserved for issuance under the Plans mentioned above and under Note H below.

H. STOCK OPTIONS AND STOCK-BASED COMPENSATION

Stock options issued under the Long Term Stock Incentive Plan are granted to employees and officers at exercise prices which equaled or exceeded the market value of the stock on the date of grant. The options are exercisable from three to fifteen years from the date of grant and the recipients must be employed by the Company at the date of exercise.

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 in 1999 and 1998 been determined under the fair value based method defined in SFAS 123, the Company's net earnings and earnings per share would have been reduced to the following pro forma amounts (in thousands, except per share data):

	1999	1998
Net Earnings:		
As Reported..................	$31,448	$26,419
Pro Forma....................	$30,897	$26,098
EPS - Basic:		
As Reported..................	$1.52	$1.33
Pro Forma....................	$1.50	$1.31
EPS - Diluted:		
As Reported..................	$1.48	$1.28
Pro Forma....................	$1.46	$1.27

Options to purchase 80,000 and 285,000 shares with a weighted average exercise price of $29.25 and $21.77 per share were granted in 1999 and 1998, respectively, at exercise prices which exceeded the market prices on the date of grant.

Because the fair value based method of accounting has not been applied to options granted prior to fiscal year 1996, the resulting pro forma compensation cost may not be indicative of future amounts.

The fair value of each option granted in 1999 and 1998 is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

	1999	1998
Risk Free Interest Rate...................	6.20%	6.20%
Expected Life.............................	9.0 years	8.0 years
Expected Volatility.......................	27.75%	28.35%
Expected Dividend Yield...................	0.40%	0.41%

On June 1, 1993, shareholders approved the Incentive Stock Option Plan (the "Plan") for officers of the Company. Options for the purchase of all 1,200,000 shares of the Company's common stock authorized under the Plan have been granted. The Plan provides that the options are exercisable only if the officer is employed by the Company at the time of exercise and holds at least seventy-five percent of the individuals' shares held on April 1, 1993. The Plan also requires the option shares to be held for periods of six months to three years. The remaining options are exercisable within thirty days of the anniversary of the Plan in 2000 through 2008.

Stock option activity since the end of 1996 is summarized as follows:

	Shares of Common Stock Attributable to Options	Weighted Average Exercise Price of Options
Outstanding on December 28, 1996	1,215,000	$4.64
Granted	0	n/a
Exercised	(177,500)	$2.79
Forfeited	0	n/a
Outstanding on December 27, 1997	1,037,500	$4.95
Granted	471,002	$18.60
Exercised	(80,000)	$3.75
Forfeited	(45,964)	$7.20
Outstanding on December 26, 1998	1,382,538	$9.59
Granted	256,161	$22.74
Exercised	(160,000)	$4.00
Forfeited	(161,184)	$10.97
Outstanding on December 25, 1999	1,317,515	$12.66

The following table summarizes information concerning options on December 25, 1999 (there are no options exercisable on December 25, 1999):

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life
$4.25 - $10.00	662,500	4.30
$10.01 - $25.00	555,015	5.91
$25.00 - $36.01	100,000	11.90
	1,317,515	

I. OFFICERS' STOCK NOTES RECEIVABLE

Officers' stock notes receivable represent notes obtained by the Company from certain officers for the purchase of the Company's common stock. On January 1, 1997, the Company sold 30,188 shares of common stock to four officers in exchange for additional notes receivable totaling $399,991. Interest on the notes ranges from fixed rates of seven to eleven percent per annum and a variable rate of the prime rate less 10% (minimum 6%, maximum 12%). On December 25, 1999, payments on the notes are due as follows (in thousands):

2000	$ 74
2001	79
2002	43
2003	115
2004	75
Thereafter	249
	$635

J. LIFE INSURANCE

In September 1995, the Company acquired a second-to-die life insurance policy on its Chairman of the Board and his spouse, the Company's largest shareholders. The death benefit on the policy totals $8,700,000 and the Company is the beneficiary. The Company also maintains an officer's life insurance policy on the Chairman with a death benefit of $1,300,000. The cash surrender value on these policies on December 25, 1999 and December 26, 1998 is included in "Other Assets."

K. RETIREMENT PLANS

The Company has a profit sharing and 401(k) plan for the benefit of substantially all of its employees excluding the employees of certain subsidiaries. Amounts contributed to the plan are made at the discretion of the Board of Directors. The Company contributed approximately $1,548,000, $1,462,000 and $1,135,000 in 1999, 1998 and 1997, respectively. In addition, the Company matched 25% of employee contributions, on a discretionary basis, totaling $717,000, $597,000 and $521,000 in 1999, 1998 and 1997, respectively. The basis for matching contributions may not exceed the lesser of 6% of the employee's annual compensation or $10,000.

In addition, a wholly-owned subsidiary acquired in 1998 has a 401(k) plan for the benefit of substantially all of its employees. This subsidiary matched 50% of employee contributions, on a discretionary basis, totaling $521,713 and $328,090 in 1999 and 1998, respectively.

L. INCOME TAXES

Income tax provisions for the years ended December 25, 1999, December 26, 1998, and December 27, 1997 are summarized as follows (in thousands):

	1999	1998	1997
Currently payable:			
Federal	$18,049	$13,049	$9,047
State and local	2,455	1,659	356
Foreign	225	615	200
	20,729	15,323	9,603
Net Deferred:			
Federal	301	1,048	(674)
State and local	115	244	96
Foreign	(1,190)		
	(774)	1,292	(578)
	$19,955	$16,615	$9,025

The effective income tax rates are different from the statutory federal income tax rates for the following reasons:

	1999	1998	1997
Statutory federal income tax rate............	35.0%	35.0%	35.0%
State and local taxes........................	3.2	2.9	1.4
Effect of pooling CBC........................			(1.5)
Foreign subsidiary adjustments...............	(1.6)		
Goodwill.....................................	1.1	1.0	0.3
Other..	1.0	(0.3)	(0.5)
Effective income tax rate....................	38.7%	38.6%	34.7%

The Company has no present intention of remitting undistributed earnings of its wholly-owned Canadian subsidiary aggregating $4,070,000 on December 25, 1999 and, accordingly, no deferred tax liability has been established relative to these earnings. If these amounts were not considered permanently reinvested, a deferred tax liability of approximately $218,000 would have been required.

Temporary differences which give rise to deferred tax assets and liabilities on December 25, 1999 and December 26, 1998 are as follows (in thousands):

	1999		1998	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Employee benefits..........	$1,836	($1,070)	$1,609	($ 827)
Foreign subsidiary net operating loss.......		(2,188)		(1,904)
Depreciation...............		11,126		9,536
Inventory..................	401		556	
Accrued expenses...........	2,173	(601)	1,820	(531)
All other..................	673	323	26	(78)
	$5,083	$7,590	$4,011	$6,196
Valuation allowance........		808		1,904
	$5,083	$8,398	$4,011	$8,100

M. COMMITMENTS AND CONTINGENCIES

The Company is self-insured for environmental impairment liability and accrues an expense for the estimated cost of required remediation actions when situations requiring such action arise. The Company owns and operates 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, the Company 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. Remediation activities are currently being conducted or planned at the Company's North East, Maryland; Union City, Georgia; Stockertown, Pennsylvania; Elizabeth City, North Carolina; Auburndale, Florida; and Schertz, Texas wood preservation facilities. Remediation activities at the Granger, Indiana facility were completed in the second quarter of 1999. Other than minimal costs to dismantle the remediation network, no other costs are expected at this facility in the future.

The Company has accrued, in "Other Liabilities," amounts totaling approximately $2,354,000 and $2,324,000 on December 25, 1999 and December 26, 1998, respectively, representing the estimated costs to complete remediation efforts currently in process and those expected to occur in the future. The accrued costs include operating ground water reclamation wells, estimated costs of chemical treatments and consultant fees.

Various lawsuits and claims, including those involving ordinary routine litigation incidental to its business, to which the Company is a party, are pending, or have been asserted, against the Company. Although the outcome of these matters cannot be predicted with certainty, and some of them may be disposed of unfavorably to the Company, management has no reason to believe that their disposition will have a material adverse effect on the consolidated financial position, operating results or liquidity of the Company.

On December 25, 1999, the Company had outstanding purchase commitments on capital projects totaling $9.2 million.

N. DERIVATIVE AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 133 ("SFAS 133"), Accounting for Derivative Instruments and Hedging Activities, effective for the Company's fiscal year ending December 29, 2001. SFAS 133 expands the definition of the types of contracts considered to be derivatives, requires all derivatives to be recognized in the balance sheet as either assets or liabilities measured at their fair value and sets forth conditions in which a derivative instrument may be designated as a hedge. SFAS 133 further requires that changes in the fair value of derivatives be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to be recorded to other comprehensive income or to offset related results on the hedged item in earnings. The Company has undertaken a review of the implications and effects of SFAS 133. The Company has from time to time entered into contracts considered to be derivatives but the amount of such financial instrument has not been significant. The ultimate effect on the Company's financial position at adoption (approximately January 1, 2001) will depend on the level of such contracts at that time, but the Company does not expect that the effect will be material.

O. SEGMENT REPORTING

The Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" in 1998. This statement revised the standards for reporting information about operating segments in financial statements and for related disclosures about products and services, geographic areas, and major customers. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Under the definition of a segment, each of the Company's manufacturing, treating and distribution facilities may be considered a segment of its business. Under SFAS No. 131, segments may be aggregated if the segments have similar economic characteristics and if the nature of the products, distribution methods, customers and regulatory environments are similar. The Company has chosen to aggregate its facilities into one reporting segment. The Company operates manufacturing, treating and distribution facilities throughout North America.

In 1999, 1998 and 1997, 26%, 20% and 18% of net sales, respectively, were to a single customer.

Information regarding principal geographic areas was as follows (in thousands):

	1999		1998		1997	
	Net Sales	Long-Lived Assets	Net Sales	Long-Lived Assets	Net Sales	Long-Lived Assets
United States.......	$1,394,454	$237,366	$1,205,178	$223,772	$1,040,321	$69,788
Canada..............	39,756	11,461	33,080	10,968	25,046	1,958
Mexico..............	845	4,305	649	3,478	933	
Total...............	$1,435,055	$253,132	$1,238,907	$238,218	$1,066,300	$71,746

Sales generated in Canada are primarily to customers in the United States of America.

In the fourth quarter of 1999, the Company closed the operations of its wholly-owned Mexican subsidiary, Universal Forest Products de Mexico. As a result of this action, a cumulative foreign currency translation adjustment totaling $1.0 million was written off and recorded as a loss in 1999.

P. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth selected financial information for all of the quarters during the years ended December 25, 1999 and December 26, 1998 (in thousands, except per share data):

	First		Second		Third		Fourth	
	1999	1998	1999	1998	1999	1998	1999	1998
Net sales...............	$300,180	$238,197	$446,751	$388,677	$388,402	$341,071	$299,722	$270,962
Gross profit............	41,217	24,492	55,738	46,315	47,142	42,879	38,374	35,527
Net earnings............	5,361	3,577	12,748	11,123	9,557	8,498	3,782	3,221
Diluted earnings per share.............	0.25	0.20	0.60	0.52	0.45	0.40	0.18	0.15

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Company's common stock trades on the Nasdaq National Market tier of the Nasdaq Stock Market under the symbol UFPI. The following table sets forth the range of high and low sales prices as reported by Nasdaq.

Fiscal 1999	High	Low	Fiscal 1998	High	Low
Fourth Quarter.........	16.875	11.937	Fourth Quarter........	20.500	12.668
Third Quarter..........	22.125	15.125	Third Quarter.........	18.750	14.125
Second Quarter.........	21.562	18.000	Second Quarter........	18.500	15.500
First Quarter..........	24.125	17.437	First Quarter.........	17.000	12.250

There were approximately 5,600 shareholders of record as of March 1, 2000.

In 1999, the Company paid dividends on its common stock of $.035 per share in June and $.040 per share in December. The Company intends to continue with its current dividend policy for the foreseeable future.

EXHIBIT 21

LIST OF REGISTRANT'S SUBSIDIARIES

1. Universal Forest Products Eastern Division, Inc., a Michigan Corporation.
2. Universal Forest Products Western Division, Inc., a Michigan Corporation.
3. Shoffner Holding Company, Inc., a Michigan Corporation.
4. Shoffner Industries, L.L.C., a Limited Liability Company
5. Consolidated Building Components, Inc., a Pennsylvania Corporation.
6. Euro-Pacific Building Materials, Inc., an Oregon Corporation.
7. Universal Forest Products of Canada, Inc., a Canadian Corporation.
8. Nascor, Inc., a Canadian Corporation (59% owned).
9. Universal Forest Products de Mexico, S.A. de C.V., a Mexican Corporation.
10. Universal Forest Products Mexico Holdings, S. de R.L. de C.V., a Mexican Corporation.
11. Universal Forest Products - FSC, Inc., a Barbados Corporation.
12. Universal Forest Products Holding Company, Inc., a Michigan Corporation.
13. Universal Forest Products Reclamation Center, Inc., a Michigan Corporation.
14. Universal Truss, Inc., a Michigan Corporation.
15. Universal Consumer Products, Inc., a Michigan Corporation
16. Pinelli Universal, S. de R.L. de C.V., a Mexican Corporation.
17. Nascor Structures Inc., a Nevada Corporation.

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-81128, 33-81116, and 33-81450 of Universal Forest Product, Inc. on Form S-8 of our report dated January 24, 2000, appearing in and incorporated by reference in this Annual Report on Form 10-K of Universal Forest Products, Inc. for the fiscal year ended December 25, 1999.

DELOITTE & TOUCHE LLP
Grand Rapids, Michigan
March 24, 2000

5
1,000
US DOLLARS

12-MOS
DEC-25-1999
DEC-27-1998
DEC-25-1999
1
4,106
0
71,391
1,379
131,535
215,506
222,742
73,629
468,638
91,182
0
0
0
20,212
194,350
468,638
1,435,055
1,435,647
1,252,584
1,252,584
119,673
0
11,853
51,537
19,955
31,582
0
0
0
31,448
1.52
1.48