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 30, 2000.

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, 2001, 19,706,769 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 $165,961,968 computed at the closing price of $14.3125 on that date.

Documents incorporated by reference:

(1) Certain portions of the Company's Annual Report to Shareholders for the fiscal year ended December 30, 2000 are incorporated by reference into Part I and II of this Report.

(2) Certain portions of the Company's Proxy Statement for its 2001 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 30, 2000

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PART I

ITEM 1. BUSINESS.

(a) GENERAL DEVELOPMENT OF THE BUSINESS.

Organized as a Michigan corporation in 1955, 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 80 facilities throughout the United States, Canada and Mexico.

Information relating to current developments in the Company's business is incorporated by reference from the Company's Annual Report to Shareholders for the fiscal year ended December 30, 2000 ("2000 Annual Report") under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." Selected portions of the 2000 Annual Report are filed as Exhibit 13 with this Form 10-K Report.

(b) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

The Company's operations comprise a single industry segment - the engineering, manufacturing, treatment and distribution of lumber products. Accordingly, separate industry segment information is not presented.

(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, retail-oriented regional lumberyards and contractor-oriented lumberyards. 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. One customer, The Home Depot, accounted for approximately 32%, 26% and 20% of the Company's total net sales for fiscal 2000, 1999 and 1998, respectively.

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 often sold under the Company's PRO-WOOD(R) trademark. Value-added products may be preserved by pressure-treatment or unpreserved, and include the following:

- The Deck Necessities(R) group of products consists of decking, balusters, spindles, decorative posts, handrails, stair risers, stringers and treads.

- The Fence Fundamentals(TM) group of products includes various styles of fences, as well as gates, posts and other components.

- The Outdoor Essentials(R) group of products consists of various home and garden and landscaping items.

- Lattice is 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, which include roof trusses, wall panels and engineered floor systems (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 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, geographic dispersion, close proximity of its plants to core customers, purchasing expertise and service capabilities provide significant competitive advantages in this market. As the customers in this market continue 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. 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 45% of the HUD Code roof trusses supplied to this market. 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. 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.

SITE-BUILT CONSTRUCTION MARKET. The Company entered the site-built construction market through strategic business acquisitions beginning in 1997. The customers comprising this market are primarily large-volume, multi-tract builders and smaller volume custom builders. 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 34 facilities located in 15 different states and Canada. 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 lumberyards which are attempting to expand nationally while adding manufacturing capacity for engineered wood products. The Company believes its primary competitive advantages relate to the engineering and design capabilities of its regional staff, customer relationships, product quality and timeliness of delivery.

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 and site-built component plants in the Southeastern United States, 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. 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. As the Company develops proprietary brands, it may pursue registration or other formal protection. 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 be likely to have a material adverse impact on the competitive position of the Company.

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.

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.

On March 1, 2001 and 2000, backlog orders associated with the site-built construction business approximated $31.8 million and $17.5 million, respectively, representing approximately seven and five weeks of production, respectively. The Company believes the relatively short time period associated with its backlog, in certain regions, provides a significant competitive advantage.

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.

WOOD PRESERVATION TREATMENT. Information required for environmental disclosures is incorporated by reference from Footnote L of the Consolidated Financial Statements presented under Item 8 herein.

EMPLOYEES. At March 1, 2001, the Company had approximately 5,400 employees. No Company employees are represented by a labor union, except for employees of an operation acquired in June of 2000 who 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.

(d) FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS.

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 N 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.

The Company currently has 80 facilities located throughout the United States, Canada and Mexico. 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, manufacturing space, treating space and covered storage.

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.

None.

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

None.

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, 2001. 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	63	Chairman of the Board, Universal Forest Products, Inc.
William G. Currie	53	Chief Exec. Officer and Vice Chair. of the Board, Universal Forest Products, Inc.
Michael B. Glenn	49	President and Chief Operating Officer, Universal Forest Products, Inc.
C. Scott Greene	45	President, Universal Forest Products Eastern Division, Inc.
Robert K. Hill	53	President, Universal Forest Products Western Division, Inc.
Gary A. Wright	53	Exec. Vice Pres. Site-Built, Universal Forest Products Eastern Div., Inc. and President, Shoffner Industries, L.L.C.
Jeff A. Higgs	46	Exec. Vice President Site-Built, Universal Forest Products Western Div., Inc.
Robert D. Coleman	46	Exec. Vice President Manufacturing, Universal Forest Products, Inc.
Philip E. Rogers	50	Exec. Vice Pres. National Sales and Marketing, Universal Forest Products, Inc.
Matthew J. Missad	40	Executive Vice President and Secretary, Universal Forest Products, Inc.
Michael R. Cole	34	Chief Financial Officer and Treasurer, Universal Forest Products, Inc.
Eric S. Maxey	42	Vice President of Administration, Universal Forest Products, Inc.

Peter F. Secchia, Chairman of the Board, began his service with the Company in 1962 and has been a director since 1967.

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 Universal Forest Products Western Division, Inc. Effective January 1, 2000, Mr. Glenn was promoted to President and Chief Operating Officer of the Company.

C. Scott Greene joined the Company in February of 1991 as Marketing Manager for 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. On January 1, 2000, Mr. Greene became President of Universal Forest Products Eastern Division, Inc.

Robert K. Hill has been with the Company since 1986. In March of 1993, Mr. Hill was elected Senior Vice President of the Company's Far West operations. On December 1, 1997, Mr. Hill became the Executive Vice President of Operations of 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 remained President of Shoffner Industries, L.L.C., and on January 1, 2001 he also became Executive Vice President of Site-Built for Universal Forest Products Eastern Division, Inc.

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 served as a Vice President of Operations for Universal Forest Products Western Division, Inc. since 1998, and on January 1, 2001 became Executive Vice President of Site-Built for Universal Forest Products Western Division, Inc.

Robert D. Coleman, has been an employee of the Company since 1979. Mr. Coleman 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. 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. On July 19, 2000, Mr. Cole became Chief Financial Officer of the Company.

Eric S. Maxey, an employee of the Company since 1981, has served as Vice President of Administration since 1992.

PART II

The following information items in this Part II, which are contained in the 2000 Annual Report, are specifically incorporated by reference into this Form 10-K Report. These portions of the 2000 Annual Report, that are specifically incorporated by reference, 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 2000 Annual Report 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 2000 Annual Report under the caption "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 2000 Annual Report 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 revolving credit facilities 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 30, 2000, the estimated fair value of the Company's long-term debt, including the current portion, was $153,446,000, which was $6,144,000 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 from the 2000 Annual Report 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.

None.

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 from the Company's definitive Proxy Statement dated March 20, 2001, for the 2001 Annual Meeting of Shareholders, as filed with the Commission ("2001 Proxy Statement"), 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 from the 2001 Proxy Statement 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 from the 2001 Proxy Statement under the captions "Ownership of Common Stock" and "Securities Ownership of Management."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information relating to certain relationships and related transactions is incorporated by reference from the 2001 Proxy Statement 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 2000 Annual Report:

Independent Auditors' Report
Consolidated Balance Sheets as of December 30, 2000 and December 25, 1999
Consolidated Statements of Earnings for the Years Ended December 30, 2000, December 25, 1999 and December 26, 1998
Consolidated Statements of Shareholders' Equity for the Years Ended December 30, 2000, December 25, 1999 and December 26, 1998
Consolidated Statements of Cash Flows for the Years Ended December 30, 2000, December 25, 1999 and December 26, 1998
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) None.

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 28, 2001

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, CHIEF FINANCIAL OFFICER AND TREASURER (PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 28th day of March, 2001, 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/	/s/ Louis A. Smith
JOHN C. CANEPA, DIRECTOR	LOUIS A. SMITH, DIRECTOR
/s/ Carroll M. Shoffner	
CARROLL M. SHOFFNER, DIRECTOR	

EXHIBIT NO.	DESCRIPTION
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, was filed as Exhibit 4b(4) to a Form 10K Annual Report for the year ended December 26, 1998, and the same is incorporated herein by reference.
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.
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.

EXHIBIT NO.	DESCRIPTION
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.
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.

EXHIBIT NO.	DESCRIPTION
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 30, 2000.
21	List of Registrant's subsidiaries.
23	Consent of Deloitte & Touche LLP.

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*Indicates a compensatory arrangement.

EXHIBIT 13

FINANCIAL SECTION

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SELECTED FINANCIAL DATA

(IN THOUSANDS, EXCEPT PER SHARE AND STATISTICS DATA.)

	2000	1999	1998	1997	1996
Consolidated Statement of Earnings Data					
Net sales	$1,389,443	$1,435,055	$1,238,907	$1,066,300	$891,230
Gross profit(1)	187,013	178,387	145,973	93,372	88,034
Earnings before interest and taxes	62,030	63,634	52,540	30,287	34,051
Earnings before interest, taxes, depreciation and amortization	83,492	81,789	67,588	40,329	42,797
Earnings before income taxes, minority interest and equity in earnings of investee	50,375	51,537	43,034	25,982	29,803
Net earnings	30,438	31,448	26,419	16,957	17,832
Diluted earnings per share	$ 1.490	$ 1.480	$ 1.280	$ 0.930	$ 0.980
Dividends per share	$ 0.080	$ 0.075	$ 0.070	$ 0.065	$ 0.060
Weighted average shares outstanding with common stock equivalents	20,477	21,186	20,613	18,234	18,121
Consolidated Balance Sheet Data					
Working capital	$ 120,321	$ 124,324	$ 99,559	$ 89,783	$ 90,639
Total assets	485,320	468,638	419,795	229,383	198,866
Long-term debt and capital lease obligations	159,590	154,298	141,880	49,977	55,854
Shareholders' equity	235,769	214,562	191,583	115,898	100,815
Statistics					
Gross profit as a percentage of net sales(1)	13.5%	12.4%	11.8%	8.8%	9.9%
Net earnings as a percentage of net sales	2.2%	2.2%	2.1%	1.6%	2.0%
Return on equity	14.4%	16.6%	22.8%	16.8%	21.0%
Current ratio	2.50	2.36	2.21	2.32	3.30
Debt to equity ratio	0.68	0.72	0.74	0.43	0.55
Book value per common share	$ 12.02	$ 10.65	$ 9.29	$ 6.65	$ 5.82

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(1) In 2000, the Company reclassified customer rebates and royalties expense to include it in gross profit. Prior year amounts have been restated.

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. Management utilizes the Random Lengths composite price (see "Fluctuations in Lumber Prices"), which is a weighted average of nine key framing lumber prices chosen from major producing areas and species, as a broad measure of price movement in the commodity lumber market ("Lumber Market").

COMPETITION:

The Company is subject to competitive selling and pricing pressures in its major markets. While the Company is generally aware of its existing competitors' capabilities, it is subject to entry in its markets by new competitors, which could negatively impact financial results.

MARKET GROWTH:

The Company's sales growth is dependent, in part, upon growth of the markets it serves. If the Company's markets do not achieve anticipated growth, or if the Company fails to maintain its market share, financial results could be impaired. The manufactured housing industry is currently hampered by market conditions, including an oversupply of product and tightened credit policies, which have impacted the Company's ability to achieve short-term growth objectives. A continued downturn in this market could adversely affect the Company's operating results.

ECONOMIC TRENDS:

Management believes the Company's ability to achieve growth in sales and margins to the site-built construction market is somewhat dependent on housing starts. If housing starts decline significantly, the Company's financial results could be impacted.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

GOVERNMENT REGULATIONS:

The Company is subject to a variety of government regulations which create a financial burden on the Company. If additional laws and regulations are enacted in the future which restrict the ability of the Company to manufacture or market its products, including its treated lumber products, it could adversely affect the Company's sales and profits. If existing laws are interpreted differently, it could also increase the financial cost to the Company.

WEATHER CONDITIONS:

The majority of the Company's products are used in outdoor construction activities, therefore its short-term sales volume and profits can be negatively affected by adverse weather conditions. In addition, adverse weather conditions can negatively impact the Company's 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 may be indexed to the Lumber Market at the time they are shipped, the Company's profits can be negatively affected by prolonged declines in the Lumber Market during its primary selling season. To mitigate this risk, programs are maintained with certain vendors and customers that are intended to decrease the Company's exposure. These programs include those materials which are most susceptible to adverse changes in the Lumber Market. Vendor programs also allow the Company to carry a lower investment in inventories.

E-BUSINESS/E-COMMERCE:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

FLUCTUATIONS IN LUMBER PRICES

The following table presents the Random Lengths framing lumber composite price for the years ended December 30, 2000, December 25, 1999 and December 26, 1998:

	RANDOM LENGTHS COMPOSITE AVERAGE $/MBF		
	2000	1999	1998
January	$ 386	$ 370	$ 360
February	385	386	375
March	382	394	369
April	359	393	369
May	326	421	331
June	331	454	332
July	308	480	345
August	289	404	355
September	287	392	328
October	280	360	329
November	281	385	340
December	275	384	349
Annual average	$ 324	$ 402	$ 349
Annual percentage change	(19.4)%	15.2%	(16.3)%

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

	SYP COMPOSITE AVERAGE $/MBF		
	2000	1999	1998
January	$ 488	$ 471	$ 499
February	490	497	525
March	494	513	550
April	483	496	536
May	439	523	474
June	456	563	450
July	432	590	471
August	403	492	439
September	395	473	409
October	384	456	429
November	374	456	422
December	378	484	443
Annual average	$ 435	$ 501	$ 471
Annual percentage change	(13.2)%	6.4%	(11.3)%

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

BUSINESS COMBINATIONS

The Company completed the following business combinations in fiscal 1998 and 2000 (see Note B to the Financial Statements for further details). These business combinations were accounted for using the purchase method:

COMPANY NAME	ACQUISITION DATE	BUSINESS DESCRIPTION
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 for commercial and residential construction.
Industrial Lumber Company, Inc. ("ILC")	June 4, 1998	One facility in California at the time of acquisition. Distributor of lumber components for packaging and industrial applications.
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.
ECJW Holdings, Inc. ("TED") -- Purchased 50% ownership interest.	April 17, 2000	Two subsidiaries located in London, Ontario, Canada. Thorndale Roof Systems, Inc. manufactures engineered roof trusses and Edcor Floor Systems, Inc. is a licensed manufacturer of Open Joist 2000(TM).
Gang-Nail Components, Inc. ("Gang-Nail")	June 5, 2000	One facility in Fontana, California. Manufacturer of engineered roof trusses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

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 30, 2000	DECEMBER 25, 1999	DECEMBER 26, 1998
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	86.5	87.6	88.2
Gross profit	13.5	12.4	11.8
Selling, general, and administrative expenses	9.0	8.0	7.6
Earnings from operations	4.5	4.4	4.2
Interest, net	0.9	0.8	0.7
Earnings before income taxes, minority interest and equity in earnings of investee	3.6	3.6	3.5
Income taxes	1.4	1.4	1.4
Earnings before minority interest and equity in earnings of investee	2.2	2.2	2.1
Minority interest	0.0	0.0	0.0
Equity in earnings of investee	0.0	0.0	0.0
Net earnings	2.2%	2.2%	2.1%

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 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; 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 included in the value-added sales totals.

- 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

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.

	YEARS ENDED					
MARKET CLASSIFICATION	DECEMBER 30, 2000	%	DECEMBER 25, 1999	%	DECEMBER 26, 1998	%
DIY	$ 658,638	47.4	$ 650,859	45.4	$ 562,622	45.4
Manufactured Housing	302,830	21.8	398,237	27.8	401,679	32.4
Site-Built Construction	246,667	17.8	212,479	14.8	127,550	10.3
Industrial	108,795	7.8	95,468	6.6	76,817	6.2
Wholesale Lumber	72,513	5.2	78,012	5.4	70,239	5.7
Total	$1,389,443	100.0	$1,435,055	100.0	$1,238,907	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
2000 versus 1999	-3%	-6%	+3%
1999 versus 1998	+16%	+4%	+12%
1998 versus 1997	+16%	-8%	+24%

A decrease in overall selling prices in 2000 was attributable to the Lumber Market. The increase in unit sales was well below the Company's goal as substantial increases in unit sales to the DIY, industrial and site-built construction markets were offset partially by a decrease in unit sales to the manufactured housing market of approximately 17%.

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
2000	44.2%	55.8%
1999	40.8%	59.2%
1998	41.7%	58.3%

The increase in the Company's ratio of value-added sales to total sales in 2000 compared to 1999 is primarily due to a 5% increase in value-added sales while commodity-based sales decreased 9%. Value-added sales increased primarily due to increased unit sales of engineered roof trusses, I-joists and Open Joist 2000(TM) products to the site-built construction market and fencing to the DIY market. These increases were offset partially by a decline in truss sales to the manufactured housing market.

Commodity-based sales decreased due to a decline in unit sales of structural lumber to the manufactured housing market and a decline in overall selling prices resulting from the Lumber Market.

DIY MARKET:

Do-It-Yourself Retailing estimated a 3.8% increase in total retail sales by home improvement retailers comparing 2000 with 1999. The magazine also estimated a compounded annual growth rate ("CAGR") from 1998 to 2000 of 6.8%, while the Company realized an 8.2% 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Net sales to the DIY market increased in 2000 compared to 1999, primarily due to a 17% increase in sales to the Company's largest customer despite a decrease in overall selling prices caused by the deflated Lumber Market. This increase was partially offset by a decrease in sales to two customers due to a decline in their financial positions.

Net sales to the DIY market increased 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.

MANUFACTURED HOUSING MARKET:

Net sales to the manufactured housing market decreased in 2000 compared to 1999 due to a decline in unit sales combined with a decline in selling prices due to the deflated Lumber Market. The Company's unit sales decreased as customers continue to struggle with an oversupply of finished homes at the retail level, tightened credit conditions and an increase in repossessions. The Manufactured Housing Institute, in its December 2000 "Manufacturing Report" estimated that the number of finished homes shipped to retailers declined 28.1% from 1999 to 2000. The industry expects this situation to likely continue well into the first quarter of 2002.

Net sales to the manufactured housing market decreased 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.

SITE-BUILT CONSTRUCTION MARKET:

Net sales to the site-built construction market increased in 2000 compared to 1999 primarily due to the acquisitions of TED and Gang-Nail during the year 2000 (see "Business Combinations").

Net sales to the site-built construction market increased 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.

INDUSTRIAL MARKET:

Net sales to the industrial market increased in 2000 compared to 1999 due to increased market share in several regions. This resulted from a continued focus on growth, combined with the effects of redirecting sales efforts and manufacturing capacity at certain plants as a result of the downturn in the manufactured housing market. 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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

WHOLESALE MARKET:

Net sales to the wholesale market decreased in 2000 compared to 1999 as a result of decreased selling prices due to the deflated 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 increased 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.

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales increased in 2000 compared to 1999, primarily due to the following factors:

- - An increase in the ratio of value-added product sales to total sales due to increased sales of engineered wood products to the site-built construction market, specialty packaging products to the industrial market and fencing products to the DIY market.

- - An increase in gross margins on certain products due to the low level of the Lumber Market throughout 2000 compared to 1999. The selling prices of many products are indexed to the Lumber Market along with a fixed dollar "adder" to cover conversion costs and profits. Therefore, in periods when the Lumber Market is low, the fixed adder will result in higher gross margins.

- - The above increases were offset by lower margins on sales to the manufactured housing market due to the effect of price competition and lower volumes on manufacturing efficiencies.

Gross profit as a percentage of net sales increased in 1999 compared to 1998, primarily due to the following factors:

- - An increase in sales of engineered wood products.

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

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

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses ("SG&A") increased in 2000 compared to 1999, primarily due to the following:

- - Expenses added through business acquisitions and other new operations in 2000.

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

SG&A increased in 1999 compared to 1998. This increase was primarily due to:

- - Expenses added through business acquisitions and other new operations in 1999.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

INTEREST, NET

Net interest costs increased in 2000 compared to 1999, primarily due to higher average debt balances associated with share repurchases and acquisitions. Short-term borrowing rates on variable rate debt were also higher in 2000 compared to 1999.

Net interest costs increased in 1999 compared to 1998, due to higher average debt balances 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.

INCOME TAXES

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 lower tax rate in 2000 compared to 1999 due to lower estimated state and local income taxes.

The Company recognized a slightly higher effective tax rate in 1999 compared to 1998 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.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operating activities increased in 2000 compared to 1999. This improvement is primarily due to:

- - The impact of a lower Lumber Market on sales and working capital.

- - A change in buying practices on certain products. At the end of 1999, the Company purchased certain inventory well in advance of the spring DIY selling season in order to meet expected demand.

- - The positive cash flow effects mentioned above were offset partially by a reduction in accounts payable due to a change in the timing of cash disbursements at the end of 2000 versus 1999.

Due to the seasonality of its business and the effects of the Lumber Market, management believes the Company's cash cycle (days sales outstanding plus days supply of inventory less days payables outstanding) is a good indicator of its working capital management. The Company's cash cycle increased to 45 days in 2000 from 42 days in 1999. This increase was primarily due to a longer inventory cycle resulting from the change in buying practices discussed above and a longer receivables cycle due to a greater percentage of sales to the site-built market. The increase in the inventory cycle was partially offset by a longer payment cycle with certain vendors.

Capital expenditures totaled $29.4 million in 2000 compared to $35.4 million in 1999. These expenditures consisted of several projects to improve efficiencies, expand manufacturing capacity at existing plants and costs to complete or acquire several new plants. On December 30, 2000, outstanding purchase commitments on capital projects totaled $3.3 million. The Company intends to satisfy these commitments utilizing its revolving credit facility.

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

Cash flows used in financing activities increased primarily due to an increase in operating cash flow offset by amounts spent for business acquisitions.

On December 30, 2000, the Company had $10.3 million outstanding on its $175 million primary revolving credit facility and $9.6 million Canadian ($6.4 million U.S.) outstanding on its $20 million Canadian revolving credit facility. Financial

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

covenants on the Company's revolving credit facilities and senior unsecured notes include a minimum net worth requirement, a minimum interest coverage test and a maximum leverage ratio. The Company was in compliance with its requirements at December 30, 2000.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

The Company is self-insured for environmental impairment liability, and accrues for the estimated cost of monitoring or remediation activities. The Company owns and/or operates 21 wood preserving facilities throughout the United States that treat lumber products with a chemical preservative. In accordance with applicable federal, state and local environmental laws, ordinances and regulations, the Company may be potentially liable for costs and expenses related to the environmental condition of the Company's real property. The Company has established reserves for remediation activities at its North East, Maryland; Union City, Georgia; Stockertown, Pennsylvania; Elizabeth City, North Carolina; Auburndale, Florida; and Schertz, Texas facilities.

The Company has accrued, in other long-term liabilities, amounts totaling $2.3 million and $2.4 million on December 30, 2000 and December 25, 1999, respectively, for the activities described above. 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 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 softwood fiber in the United States. The Company's ability to achieve these goals is dependent upon many factors, including an increase in the Lumber Market to historical levels and completion of key acquisitions. The Company's sales goals by market are as follows (in thousands):

	TARGETED SALES IN 2002	ACTUAL SALES IN 2000	TARGETED 2-YEAR CAGR
DIY	$1,000,000	$ 658,638	23%
Manufactured Housing	500,000	302,830	28%
Site-Built Construction	250,000	246,667	1%
Industrial and Other	250,000	181,308	18%
Total	$2,000,000	$1,389,443	20%

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

DIY MARKET

Do-It-Yourself Retailing forecasted the following total retail sales for home improvement retailers for 2001 and 2002 (in billions), which result in a CAGR of 3% from 2000 sales of $165.8 billion. The Company has no means of ascertaining the accuracy of this industry-wide projection, and actual results could vary significantly.

2001	$171.0
2002	$175.0

The consolidation within the DIY industry continued in 2000 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 through acquisitions and internal growth, with a continued emphasis on value-added products.

MANUFACTURED HOUSING MARKET

Manufactured Home Merchandiser, in its January 2001 edition, forecasted a decrease of industry shipments to retailers of over 7% in 2001 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. As a result of the prolonged downturn in this market, the Company has redirected sales efforts and manufacturing capacity at certain plants to the industrial market.

Management believes the manufactured housing industry's oversupply of inventory will continue to negatively impact the Company's sales for the next four or five 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 and quality. Management believes the Company may also have an opportunity to increase its market share as a result of declining financial positions of certain competitors, which are solely dedicated to the manufactured housing market.

SITE-BUILT CONSTRUCTION MARKET

The Company entered this market primarily through acquisition and has continued its growth initiatives in this market by opening several new facilities and by continuing to acquire regional market leaders. 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 34 facilities in 15 states and Canada. 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 and add new products and services.

The National Association of Home Builders published forecasted annual housing starts of 1,535,000 and 1,540,000 for 2001 and 2002, respectively. The 2001 forecast represents a 3.3% decrease from housing starts totaling 1,592,000 in 2000.

Despite a forecasted decrease in housing starts which were near peak levels, 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 continue to increase market share.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

INDUSTRIAL MARKET

A key strategic objective of the Company is to increase its sales of wood packaging products to industrial users. The vast amount of hardwood and softwood lumber consumed for industrial applications, combined with the highly fragmented nature of this market provides the Company with significant growth opportunities.

The Company plans to continue to obtain market share through an internal growth strategy utilizing its current manufacturing capabilities while continuing to identify strategic acquisitions which meet its criteria. In addition, the Company is utilizing its available sales force and production capacity to grow its business in this market as a result 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.

- - The presently deflated Lumber Market is expected to continue for the majority of 2001. This may have a positive effect on gross margins as the selling prices of many products are indexed to the Lumber Market along with a fixed dollar "adder." In periods when the Lumber Market is low, the fixed adder will result in higher gross margins. Conversely, in periods when the Lumber Market is high, gross profit will remain the same, but gross margins may decline.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A costs have increased as a percentage of sales in recent years, in part, 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. In addition, the Company's ratio of SG&A to sales is influenced by the level of the Lumber Market. In periods of a deflated Lumber Market, SG&A as a percentage of sales will increase as a result of the negative impact on sales dollars.

LIQUIDITY AND CAPITAL RESOURCES

Management expects to spend approximately $30 million on capital expenditures in 2001 and incur depreciation and amortization of approximately $24 million. Besides "maintenance" capital expenditures totaling approximately $15 million, the Company plans to spend an additional $15 million to expand the business and complete e-business initiatives. In addition, the Company plans to continue to execute its acquisition strategy in 2001, and will consider issuing long-term debt to finance a transaction.

The Company has no present intention to change its current, semi-annual dividend policy. The Company also has the ability to repurchase approximately 1.5 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 substantial 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 $8.8 million in 2001.

The Company has a $175 million revolving credit facility and a $20 million Canadian revolving credit facility used to fund seasonal working capital requirements and growth. Management believes its peak seasonal working capital requirements will consume up to $75 million of this availability through June of 2001 and then decrease for the balance of the year in line with historical trends. The Company plans to finance its capital requirements by using these revolving credit facilities.

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 30, 2000 and December 25, 1999, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three fiscal years in the period ended December 30, 2000. 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 auditing standards generally accepted in the United States of America. 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 30, 2000 and December 25, 1999, and the results of their operations and their cash flows for each of the three fiscal years in the period ended December 30, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Grand Rapids, Michigan
January 29, 2001

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE DATA.)

	NOTE	DECEMBER 30, 2000	DECEMBER 25, 1999
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 2,392	$ 4,106
Restricted cash equivalents		1,364	
Accounts receivable (net of allowance for doubtful accounts of $1,340 and $1,379)		64,386	70,012
Inventories:			
Raw materials		41,885	44,722
Finished goods		81,306	86,813
		123,191	131,535
Other current assets		2,236	1,354
Prepaid income taxes	K	1,394	3,416
Deferred income taxes	K	5,396	5,083
TOTAL CURRENT ASSETS		200,359	215,506
OTHER ASSETS	E, I	11,392	10,836
GOODWILL AND NON-COMPETE AGREEMENTS, NET	B	105,579	93,183
PROPERTY, PLANT AND EQUIPMENT:			
Land and improvements	D	35,934	28,320
Buildings and improvements	D	93,821	78,926
Machinery, equipment and office furniture	D	120,834	102,282
Construction in progress		6,069	13,214
		256,658	222,742
Less accumulated depreciation and amortization	D	(88,668)	(73,629)
PROPERTY, PLANT AND EQUIPMENT, NET		167,990	149,113
TOTAL ASSETS		$485,320	$468,638
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term debt	C	$ 1,270	$ 1,520
Accounts payable		35,589	46,621
Accrued liabilities:			
Compensation and benefits	J	29,423	32,491
Other		4,973	3,148
Current portion of long-term debt and capital lease obligations	C, D	8,783	7,402
TOTAL CURRENT LIABILITIES		80,038	91,182
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	C, D	150,807	146,896
DEFERRED INCOME TAXES	K	9,092	8,398
OTHER LIABILITIES	E, L	9,614	7,600
COMMITMENTS AND CONTINGENCIES	L		
TOTAL LIABILITIES		249,551	254,076
SHAREHOLDERS' EQUITY:			
Preferred stock, no par value; shares authorized 1,000,000; issued and outstanding, none			
Common stock, no par value; shares authorized 40,000,000; issued and outstanding, 19,719,114 and 20,212,385	F, G, H	19,719	20,212
Additional paid-in capital	F, H	79,800	78,625
Retained earnings	F	136,645	115,327
Accumulated other comprehensive earnings		860	1,033
		237,024	215,197
Officers' stock notes receivable	H	(1,255)	(635)
TOTAL SHAREHOLDERS' EQUITY		235,769	214,562
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$485,320	$468,638

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(IN THOUSANDS, EXCEPT PER SHARE DATA.)

	NOTE	YEAR ENDED DECEMBER 30, 2000	DECEMBER 25, 1999	DECEMBER 26, 1998
NET SALES		$1,389,443	$1,435,055	$1,238,907
COST OF GOODS SOLD	D, J	1,202,430	1,256,668	1,092,934
GROSS PROFIT		187,013	178,387	145,973
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	D, I, J	124,391	115,589	93,824
EARNINGS FROM OPERATIONS		62,622	62,798	52,149
INTEREST, NET:				
Interest expense	C	12,804	11,853	9,506
Interest income	H	(557)	(592)	(391)
		12,247	11,261	9,115
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE		50,375	51,537	43,034
INCOME TAXES	K	19,218	19,955	16,615
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE		31,157	31,582	26,419
MINORITY INTEREST		(750)	(701)	
EQUITY IN EARNINGS OF INVESTEE		31	567	
NET EARNINGS		$ 30,438	$ 31,448	$ 26,419
EARNINGS PER SHARE -- BASIC		$ 1.52	$ 1.52	$ 1.33
EARNINGS PER SHARE -- DILUTED		$ 1.49	$ 1.48	$ 1.28
WEIGHTED AVERAGE SHARES OUTSTANDING		20,086	20,637	19,917
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS		20,477	21,186	20,613

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 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
Comprehensive earnings:						
Net earnings			30,438			
Foreign currency translation adjustment				(173)		
Total comprehensive earnings						30,265
Cash dividends -- $.080 per share			(1,605)			(1,605)
Issuance of 81,764 shares	82	430				512
Repurchase of 635,411 shares	(635)		(7,515)			(8,150)
Tax benefits from non-qualified stock options exercised		5				5
Issuance of officers' stock notes receivable	60	740			(800)	0
Payments received on officers' stock notes receivable					180	180
Balance at December 30, 2000	$19,719	$79,800	$136,645	$ 860	$(1,255)	$235,769

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS.)

	NOTE	YEAR ENDED DECEMBER 30, 2000	DECEMBER 25, 1999	DECEMBER 26, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net earnings		$ 30,438	$ 31,448	$ 26,419
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation	D	17,659	14,885	12,584
Amortization of non-compete agreements and goodwill	B	3,803	3,270	2,464
Deferred income taxes	K	237	(774)	1,292
Loss on sale of property, plant and equipment		422	489	422
Changes in:				
Accounts receivable		14,134	(7,300)	(5,698)
Inventories		13,001	(23,136)	20,093
Accounts payable		(12,099)	7,870	(1,504)
Accrued liabilities and other		(590)	5,776	10,507
NET CASH FROM OPERATING ACTIVITIES		67,005	32,528	66,579
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment		(29,436)	(35,418)	(28,433)
Acquisitions, net of cash received	B	(32,557)		(98,167)
Proceeds from sale of property, plant and equipment		1,040	2,247	1,688
Advances on notes receivable		(500)	(139)	(3,200)
Collection of notes receivable	H	432	3,431	377
Restricted cash equivalents		(1,364)		
Purchases of other assets		(306)	(87)	(370)
NET CASH FROM INVESTING ACTIVITIES		(62,691)	(29,966)	(128,105)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net borrowings (repayments) of notes payable and revolving credit facilities	C	4,090	(5,056)	11,880
Proceeds from issuance of long-term debt	C	7,045	27,502	80,304
Repayment of long-term debt, net	C	(7,888)	(10,744)	(31,952)
Proceeds from issuance of common stock	F, G	480	942	508
Dividends paid to shareholders		(1,605)	(1,539)	(1,451)
Repurchase of common stock	F	(8,150)	(10,481)	
NET CASH FROM FINANCING ACTIVITIES		(6,028)	624	59,289
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,714)	3,186	(2,237)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		4,106	920	3,157
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 2,392	$ 4,106	$ 920

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(IN THOUSANDS.)

		YEAR ENDED		
	NOTE	DECEMBER 30, 2000	DECEMBER 25, 1999	DECEMBER 26, 1998
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	C	$ 12,721	$ 11,760	$ 9,407
Income taxes	K	17,369	20,746	14,815
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	D	220	255	181
Fair market value of common stock issued in business combinations	B			50,509
Officers' stock notes receivable	H	800		
NON-CASH FINANCING ACTIVITIES:				
Inventory exchanged for a note receivable				1,040
Accounts receivable exchanged for a note receivable		441		

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 include 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 2000, 1999 and 1998 relate to the fiscal years ended December 30, 2000, December 25, 1999 and December 26, 1998, respectively. Fiscal year 2000 was comprised of 53 weeks, and fiscal years 1999 and 1998 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 C. 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 30, 2000. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

RESTRICTED CASH EQUIVALENTS

Unexpended proceeds from certain borrowings, that are restricted as to use, have been excluded from cash and cash equivalents.

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

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 1998, 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 basis 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 $1,531,000, $858,000 and $515,000, for 2000, 1999 and 1998, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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, 1999 and 2000 (see Note G) 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):

	2000			1999			1998		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
Net Earnings	$30,438			$31,448			$26,419		
EPS -- Basic Income available to common stockholders	30,438	20,086	$1.52	31,448	20,637	$1.52	26,419	19,917	$1.33
Effect of Dilutive Securities Options		391			549			696	
EPS -- Diluted Income available to common stockholders and assumed options exercised	$30,438	20,477	$1.49	$31,448	21,186	$1.48	$26,419	20,613	$1.28

Options to purchase 633,160 shares of common stock at exercise prices ranging from $13.18 to $36.01 were outstanding at December 30, 2000, 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 during the period and, therefore, would be antidilutive.

STOCK-BASED COMPENSATION

The Company has adopted SFAS No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123") 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 G).

RECLASSIFICATIONS

Certain reclassifications have been made in the 1998 and 1999 consolidated financial statements to conform to the classifications used in 2000.

B. BUSINESS COMBINATIONS

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 periods ranging from 20 to 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. 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 all of the outstanding shares of Shoffner Industries, Inc. ("Shoffner") in exchange for $41.1 million in cash and 3 million shares of the Company's common stock. The excess of the purchase price over the estimated fair value of the acquired assets and liabilities assumed was $66.6 million. 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.

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 in cash. 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. 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, Canada. The Company exchanged $2.8 million for 5,552,500 shares of Nascor's outstanding common stock. The excess of the purchase price over the estimated fair value of the acquired assets, assumed liabilities and minority interest 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, 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. Goodwill totaling $0.6 million was recorded on the transaction. 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. On December 30, 2000, approximately $2.0 million was outstanding on this note.

On April 17, 2000, a subsidiary of the Company acquired 50% of the stock of ECJW Holdings, Inc. and its two subsidiaries, Thorndale Roof Systems, Inc. and Edcor Floor Systems, Inc. (collectively "TED"). Thorndale Roof Systems, Inc. manufactures engineered roof trusses for residential and light commercial building applications. Edcor Floor Systems, Inc. is a licensed manufacturer of the patented Open Joist 2000(TM) web floor truss system. Located in London, Ontario, Canada, both companies service Ontario, Eastern Michigan and Northern Ohio, including the major markets of Detroit and Toronto. The total purchase price for the stock of TED was approximately $3.2 million. The excess of the purchase price over the estimated fair value of the acquired assets, assumed liabilities and minority interest was $2.3 million.

On June 5, 2000, Universal Truss, Inc. ("UTI"), a wholly-owned subsidiary of the Company, acquired substantially all of the assets and assumed certain liabilities of Gang-Nail Components, Inc. ("Gang-Nail") of Fontana, California, a manufacturer of engineered roof trusses. The total purchase price for the net assets was approximately $29.4 million. The excess of the purchase price over the estimated fair value of the acquired assets and assumed liabilities was $13.4 million.

The following unaudited pro forma consolidated results of operations for the years ended December 30, 2000 and December 25, 1999 assumes the acquisitions of TED and Gang-Nail occurred as of the beginning of the periods presented (in thousands, except per share data).

	YEAR ENDED DECEMBER 30, 2000	YEAR ENDED DECEMBER 25, 1999
NET SALES	$1,408,474	$1,462,492
NET EARNINGS	$ 31,218	$ 33,310
EARNINGS PER SHARE		
Basic	$ 1.55	$ 1.61
Diluted	$ 1.52	$ 1.57
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	20,086	20,637
Diluted	20,477	21,186

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

C. DEBT

Effective November 13, 1998, the Company completed a five-year, $175 million revolving credit facility which includes amounts reserved for letters of credit. Borrowings under the revolver are charged interest at a rate of 50 basis points over the applicable Eurodollar rate. The average rates on these borrowings in 2000 and 1999 were 7.1% and 5.9%, respectively. The average borrowing rate under short-term credit lines in 1998 was 5.6%. The amounts outstanding under the revolving credit facility are included in the long-term debt summary below.

On November 30, 2000, the Company completed a revolving credit facility totaling $20 million Canadian. The facility expires and is subject to renewal in January 2002. Borrowings under the revolver are charged interest at a rate ranging from 64 to 113 basis points over the bankers acceptance rate depending on the Company's leverage ratio at the end of each fiscal quarter. The amount outstanding under the facility is included in the long-term debt summary below.

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%.

Outstanding letters of credit extended on the Company's behalf aggregated $22.2 million on December 30, 2000, which includes approximately $13.9 million related to Industrial Development Revenue Bonds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Long-term debt and capital lease obligations are summarized as follows on December 30, 2000 and December 25, 1999 (amounts in thousands):

	2000	1999
Senior unsecured notes, $5,714,000 due annually commencing May 1998 through May 2004, interest due semi-annually at 7.15%	$ 22,857	$ 28,571
Series 1998-A Senior Notes Tranche C, due on December 21, 2008, interest payable semi-annually at 6.98%	19,000	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 million due on November 13, 2003, interest due monthly at a floating rate (7.48% on December 30, 2000)	10,300	11,800
Revolving credit facility totaling $20 million Canadian, due on January 1, 2002, interest due monthly at a floating rate (6.48% on December 30, 2000)	6,433	
Series 1998 Industrial Development Revenue Bonds, due on December 1, 2018, interest payable monthly at a floating rate (4.84% on December 30, 2000)	1,300	1,300
Series 1999 Industrial Development Revenue Bonds, due on July 1, 2029, interest payable monthly at a floating rate (4.79% on December 30, 2000)	2,400	2,400
Series 1999 Industrial Development Revenue Bonds, due on August 1, 2029, interest payable monthly at a floating rate (4.28% on December 30, 2000)	3,300	3,300
Series 2000 Industrial Development Revenue Bonds, due on March 1, 2025, interest payable monthly at a floating rate (4.81% on December 30, 2000)	1,800	
Series 2000 Industrial Development Revenue Bonds, due on October 1, 2020, interest payable monthly at a floating rate (4.83% on December 30, 2000)	2,700	
Series 2000 Industrial Development Revenue Bonds, due on November 1, 2020, interest payable monthly at a floating rate (5.12% on December 30, 2000)	2,400	
Capital lease obligations, interest imputed at rates ranging from 7.25% to 8.00%	3,548	3,080
Notes payable under non-compete agreements, interest imputed at a rate of 7.0%	268	1,121
Other	2,284	2,726
	159,590	154,298
Less current portion	8,783	7,402
Long-term portion	$150,807	$146,896

The terms of the revolving credit facilities 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 30, 2000, the principal maturities of long-term debt and capital lease obligations are as follows (in thousands):

2001	$ 8,783
2002	15,102
2003	16,623
2004	6,060
2005	21,663
Thereafter	91,359
	$159,590

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

On December 30, 2000, the estimated fair value of the Company's long-term debt, including the current portion, was $153,446,000, which was $6,144,000 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 approximated the carrying value.

D. LEASES

Leased property included in the balance sheet on December 30, 2000 and December 25, 1999 is as follows (in thousands):

	2000	1999
Land and improvements	$ 295	$ 295
Buildings and improvements	481	481
Machinery and equipment	3,539	3,366
	4,315	4,142
Less accumulated amortization	(797)	(600)
	$3,518	$3,542

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 ten years. Future minimum payments under noncancellable leases on December 30, 2000 are as follows (in thousands):

	CAPITAL LEASES	OPERATING LEASES	TOTAL
2001	$ 590	$ 6,296	$ 6,886
2002	2,975	5,241	8,216
2003	356	3,775	4,131
2004	229	2,761	2,990
2005		1,766	1,766
Subsequent		1,045	1,045
Total minimum lease payments	4,150	$20,884	$25,034
Less imputed interest	(602)		
Present value of minimum lease payments	$3,548		

Rent expense was approximately $9,238,000, $6,939,000 and $5,766,000 in 2000, 1999 and 1998 respectively.

E. 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 Company's 401(k) plan, including the Company's stock. Investments in shares of the Company's stock are made on a "phantom stock" basis. Assets held by the Plan totaled approximately $1,928,000 and $1,665,000 on December 30, 2000 and December 25, 1999, respectively, and are included in "Other Assets." Related liabilities totaled

$3,039,000 and $2,406,000 on December 30, 2000 and December 25, 1999, respectively, and are included in "Other Liabilities." The assets and related liabilities are recorded at fair market value.

F. 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 400, 275 and 400 shares of stock under this Plan in 2000, 1999 and 1998, 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 2000, 1999 and 1998, 19,664, 17,789 and 15,016 shares, respectively, were issued under this Plan for amounts totaling approximately $227,000, $301,000 and $208,000, 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 $247,000 and $204,000 on December 30, 2000 and December 25, 1999, 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 2000, 1999 and 1998, the Company issued 1,700, 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 2000 and 1999, the Company granted incentive stock options for 505,934 and 25,000 shares, respectively.

On October 21, 1998, the Board of Directors approved a share repurchase program, which succeeded a previous program, allowing the Company to repurchase up to 1,800,000 shares of its common stock. On October 18, 2000, the Board of Directors authorized an additional 1,000,000 shares to be repurchased under the program. In 2000 and 1999, the Company repurchased 635,411 and 677,801 shares, respectively, under these programs.

On December 30, 2000, a total of 2,909,402 shares are reserved for issuance under the plans mentioned above and under Note G below.

G. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As permitted under SFAS 123, 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 2000, 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):

	2000	1999	1998
Net Earnings:			
As Reported	$30,438	$31,448	$26,419
Pro Forma	$29,790	$30,897	$26,098
EPS -- Basic:			
As Reported	$ 1.52	$ 1.52	$ 1.33
Pro Forma	$ 1.48	$ 1.50	$ 1.31
EPS -- Diluted:			
As Reported	$ 1.49	$ 1.48	$ 1.28
Pro Forma	$ 1.45	$ 1.46	$ 1.27

Options to purchase 40,000, 80,000 and 285,000 shares with a weighted average exercise price of $21.56, $29.25 and $21.77 per share were granted in 2000, 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 2000, 1999 and 1998 is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

	2000	1999	1998
Risk Free Interest Rate	6.2%	6.2%	6.2%
Expected Life	6.1 years	9.0 years	8.0 years
Expected Volatility	27.09%	27.75%	28.35%
Expected Dividend Yield	0.40%	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 2001 through 2008.

Stock option activity since the end of 1997 is summarized as follows:

	SHARES OF COMMON STOCK ATTRIBUTABLE TO OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS
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
Granted	505,934	$13.22
Exercised	(60,000)	$ 4.25
Forfeited	(101,911)	$15.96
Outstanding on December 30, 2000	1,661,538	$12.95

The following table summarizes information concerning options on December 30, 2000 (there are no options exercisable on December 30, 2000):

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE
$4.25 -- $10.00	592,500	3.64
$10.01 -- $25.00	959,038	5.34
$25.00 -- $36.01	110,000	11.27
	1,661,538	

H. 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 April 21, 2000, the Company sold 60,376 shares of common stock to eight officers in exchange for additional notes receivable totaling almost $800,000. Interest on all of the outstanding 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 30, 2000, payments on the notes are due as follows (in thousands):

2001	$ 98
2002	32
2003	87
2004	56
2005	61
Thereafter	921
	$1,255

I. 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 30, 2000 and December 25, 1999 is included in "Other Assets."

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

J. 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 $546,000, $1,548,000 and $1,462,000 in 2000, 1999 and 1998, respectively. In addition, the Company matched 50% of employee contributions in 2000, and 25% in 1999 and 1998, on a discretionary basis, totaling $1,706,000, $717,000 and $597,000 in 2000, 1999 and 1998, respectively. The basis for matching contributions may not exceed the lesser of 6% of the employee's annual compensation or $10,500.

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 $509,000, $522,000 and $328,000 in 2000, 1999 and 1998, respectively.

K. INCOME TAXES

Income tax provisions for the years ended December 30, 2000, December 25, 1999, and December 26, 1998 are summarized as follows (in thousands):

	2000	1999	1998
Currently payable:			
Federal	$16,688	$18,049	$13,049
State and local	1,781	2,455	1,659
Foreign	505	225	615
	18,974	20,729	15,323
Net Deferred:			
Federal	(263)	301	1,048
State and local	(189)	115	244
Foreign	696	(1,190)	
	244	(774)	1,292
	$19,218	$19,955	$16,615

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

	2000	1999	1998
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local taxes (net of federal benefits)	2.1	3.2	2.9
Foreign subsidiary adjustments		(1.6)	
Goodwill	1.2	1.1	1.0
Other	(0.2)	1.0	(0.3)
Effective income tax rate	38.1%	38.7%	38.6%

The Company has no present intention of remitting undistributed earnings of certain foreign subsidiaries aggregating $5,870,000 on December 30, 2000 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 $846,000 would have been required.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Temporary differences which give rise to deferred tax assets and (liabilities) on December 30, 2000 and December 25, 1999 are as follows (in thousands):

	2000	1999
Employee benefits	$ 3,554	$ 2,906
Foreign subsidiary net operating loss	548	2,188
Depreciation	(11,117)	(11,126)
Inventory	389	401
Accrued expenses	2,814	2,774
All other	116	350
	$ (3,696)	$ (2,507)
Valuation allowance		(808)
	$ (3,696)	$ (3,315)

L. 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.

The Company has accrued, in "Other Liabilities," amounts totaling approximately $2.3 million and $2.4 million on December 30, 2000 and December 25, 1999, 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 30, 2000, the Company had outstanding purchase commitments on capital projects totaling $3.3 million.

M. DERIVATIVE AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. In June 1999, the FASB issued SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective date of FASB Statement No. 133. In June 2000, the FASB issued SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of SFAS 133. Based on the revised effective date, the Company intends to adopt SFAS 133, as amended, effective December 31, 2000 (the first day of its fiscal year ending December 29, 2001). Management does not expect the adoption of SFAS 133 to have a significant impact on the financial position or results of operations of the Company because the Company does not have significant derivative activity.

N. 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 2000, 1999 and 1998, 32%, 26% and 20% of net sales, respectively, were to a single customer.

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

	2000		1999		1998	
	NET SALES	LONG-LIVED ASSETS	NET SALES	LONG-LIVED ASSETS	NET SALES	LONG-LIVED ASSETS
United States....................	$1,350,076	$262,604	$1,394,454	$237,366	$1,205,178	$223,772
Canada...........................	39,367	18,441	39,756	11,461	33,080	10,968
Mexico...........................		3,916	845	4,305	649	3,478
Total............................	$1,389,443	$284,961	$1,435,055	$253,132	$1,238,907	$238,218

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.

O. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth selected financial information for all of the quarters during the years ended December 30, 2000 and December 25, 1999 (in thousands, except per share data):

	FIRST		SECOND		THIRD		FOURTH	
	2000	1999	2000	1999	2000	1999	2000	1999
Net sales............	$304,072	$300,180	$431,578	$446,751	$371,030	$388,402	$282,763	$299,722
Gross profit.........	40,411	39,757	57,298	54,060	48,927	46,083	40,377	38,487
Net earnings.........	6,081	5,361	12,917	12,748	8,148	9,557	3,292	3,782
Diluted earnings per share..............	0.30	0.25	0.63	0.60	0.40	0.45	0.16	0.18

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 2000	HIGH	LOW
Fourth Quarter...................	14.000	10.750
Third Quarter....................	16.125	11.500
Second Quarter...................	14.000	11.000
First Quarter....................	14.875	10.625

FISCAL 1999	HIGH	LOW
Fourth Quarter...................	16.875	11.937
Third Quarter....................	22.125	15.125
Second Quarter...................	21.562	18.000
First Quarter....................	24.125	17.437

There were approximately 5,500 shareholders of record as of March 1, 2001.

In 2000, the Company paid dividends on its common stock of $.040 per share in June and $.040 per share in December. 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.

DIRECTORS AND EXECUTIVE OFFICERS

BOARD OF DIRECTORS

PETER F. SECCHIA
Chairman of the Board
Universal Forest Products, Inc.

WILLIAM G. CURRIE
Vice Chairman of the Board and
Chief Executive Officer
Universal Forest Products, Inc.

JOHN C. CANEPA
Consulting Principal
Crowe Chizek and Company, LLP

JOHN W. GARSIDE
Chairman
Woodruff Coal Company

PHILIP M. NOVELL
Consultant
Compass Group

LOUIS A. SMITH
President
Smith and Johnson, Attorneys, P.C.

CAROLL M. SHOFFNER
Chairman
Shoffner Industries, LLC

OPERATIONS OFFICERS

ROBERT K. HILL
President
Universal Forest Products, Inc.
Western Division, Inc.

GARY A. WRIGHT
Executive Vice President
Site-Built
Universal Forest Products, Inc.
Eastern Division, Inc.

ROBERT D. COLEMAN
Executive Vice President
Manufacturing
Universal Forest Products, Inc.

PHILIP E. ROGERS
Executive Vice President
Sales and Marketing
Universal Forest Products, Inc.

C. SCOTT GREENE
President
Universal Forest Products, Inc.
Eastern Division, Inc.

JEFF A. HIGGS
Executive Vice President
Site-Built
Universal Forest Products, Inc.
Western Division, Inc.

EXECUTIVE COMMITTEE

PETER F. SECCHIA
Chairman of the Board

WILLIAM G. CURRIE
Vice Chairman of the Board and
Chief Executive Officer

MICHAEL B. GLENN
President and Chief Operating Officer

MICHAEL R. COLE
Chief Financial Officer and Treasurer

MATTHEW J. MISSAD
Executive Vice President and Secretary

SHAREHOLDER INFORMATION

NOTICE OF ANNUAL MEETING

The annual meeting of Universal Forest Products(R), Inc. will be held at 8:00 a.m. on April 18, 2001, at the Amway Grand Plaza Hotel, Pearl and Monroe, Grand Rapids, Michigan.

SHAREHOLDER INFORMATION

Shares of the Company's stock are traded under the symbol UFPI on the NASDAQ Stock Market. The Company's 10-K report filed with the Securities and Exchange Commission will be provided free of charge to any shareholder upon written request. For more information, contact:

Investor Relations Department
Universal Forest Products(R), Inc.
2801 East Beltline, NE
Grand Rapids, MI 49525
Telephone: (616) 364-6161
Web: www.ufpi.com

SECURITIES COUNSEL

Varnum, Riddering,
Schmidt & Howlett
Grand Rapids, Michigan

INDEPENDENT ACCOUNTANTS

Deloitte & Touche LLP
Grand Rapids, Michigan

TRANSFER AGENT/ SHAREHOLDER'S INQUIRIES

American Stock Transfer & Trust Company serves as the transfer agent for the Corporation. Inquiries relating to stock transfers, changes of ownership, lost or stolen stock certificates, changes of address and dividend payments should be addressed to:

American Stock Transfer & Trust Co.
40 Wall Street
New York, NY 10005
Telephone: (718) 921-8210

UNIVERSAL FOREST PRODUCTS(R), INC. CORPORATE HEADQUARTERS

2801 East Beltline, NE
Grand Rapids, MI 49525
Telephone: (616) 364-6161
Facsimile: (616) 361-7534

UNIVERSAL FOREST PRODUCTS(R), INC. AND ITS AFFILIATES

Facility Locations

Arlington, TX
Auburndale, FL
Belchertown, MA
Bend, OR (2)
Blanchester, OH
Bunn, NC
Burlington, NC
Calgary, Alberta, Canada
Chandler, AZ
Chesapeake, VA
Conway, SC
Dallas, NC
Denver, CO
Durango, Durango, Mexico
Eastaboga, AL
Eatonton, GA
Elizabeth City, NC
Elkhart, IN
Emlenton, PA
Englewood, CO
Fishersville, VA
Fontana, CA
Georgetown, DE
Gordon, PA
Grandview, TX (2)
Granger, IN
Hamilton, OH
Harrisonville, MO
Hohenwald, TN (2)
Hope, AR
Janesville, WI
Jefferson, GA
Kyle, TX
LaColle, Quebec, Canada
Lafayette, CO (2)
Liberty, NC
Lodi, OH (2)
London, Ontario, Canada
Moultrie, GA

New Waverly, TX
New Windsor, MD
Ooltewah, TN
Parker, PA
Pearisburg, VA
Ranson, WV
Riverside, CA
Rockwood, TN
Saginaw, TX
Salisbury, NC
San Antonio, TX
Sanford, NC
Santee, SC
Schertz, TX
Silsbee, TX
Stockertown, PA
Stockton, CA
Union City, GA
Warrens, WI
Warrenton, NC
Windsor, CO
Westville, IN
Woodburn, OR (2)

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. Universal Forest Products of Canada, Inc., a Canadian Corporation.

7. Universal Forest Products Mexico Holdings, S. de R.L. de C.V., a Mexican Corporation.

8. Nascor Incorporated, a Canadian Corporation (57% owned).

9. Universal Truss, Inc., a Michigan Corporation.

10. Pinelli Universal, S. de R.L. de C.V., a Mexican Corporation (45% owned).

11. Universal Forest Products - FSC, Inc., a Barbados Corporation.

12. Universal Forest Products Holding Company, Inc., a Michigan Corporation.

13. D&R Framing Contractors, L.L.C., a Limited Liability Company (50% owned).

14. Nascor Structures, Inc., a Nevada Corporation.

15. UFP Real Estate, Inc., a Michigan Corporation.

16. Universal Forest Products Nova Scotia ULC, a Canadian Corporation.

17. ECJW Holdings Ltd., a Canadian Corporation (50% owned).

18. Universal Forest Products Canada Limited Partnership.

19. Universal Forest Products Georgia Limited Partnership.

20. Universal Forest Products Indiana Limited Partnership.

21. Universal Forest Products Tennessee Limited Partnership.

22. Universal Forest Products Texas Limited Partnership.

23. Euro-Pacific Building Materials, Inc., an Oregon Corporation.

24. Universal Forest Products Reclamation Center, Inc., a Michigan Corporation.

25. Universal Consumer Products, Inc., a Michigan Corporation.

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-81128, 33-81116, 33-84632 and 33-81450 of Universal Forest Product, Inc. on Form S-8 of our report dated January 29, 2001, 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 30, 2000.

/s/ Deloitte & Touche LLP
DELOITTE & TOUCHE LLP
Grand Rapids, Michigan
March 28, 2001