

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

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
- - - EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001

OR

- - - TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission File Number 0-22684

UNIVERSAL FOREST PRODUCTS, INC.
(Exact name of registrant as specified in its charter)

Michigan

38-1465835

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

2801 East Beltline NE, Grand Rapids, Michigan

49525

(Address of principal executive offices)

(Zip Code)

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

NONE

(Former name or former address, if changed since last report.)

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

Indicate the number of shares of each of the issuer's classes of common stock,
as of the latest practicable date:

Class	Outstanding as of May 1, 2001
----- Common stock, no par value	----- 19,802,383

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	(a) Exhibit Index - NONE.	
	(b) No reports were filed on Form 8-K during the three months ended March 31, 2001.	

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

(in thousands, except share data)

	March 31, 2001	December 30, 2000
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 5,273	\$ 2,392
Restricted cash equivalents.....	1,281	1,364
Accounts receivable (net of allowance for doubtful accounts of \$1,700 and \$1,340).....	105,338	64,386
Inventories:		
Raw materials.....	50,384	41,885
Finished goods.....	97,803	81,306
	-----	-----
	148,187	123,191
Other current assets.....	8,852	9,026
	-----	-----
TOTAL CURRENT ASSETS.....	268,931	200,359
OTHER ASSETS.....	11,758	11,392
GOODWILL AND NON-COMPETE AGREEMENTS, NET.....	113,671	105,579
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment.....	263,351	256,658
Accumulated depreciation and amortization.....	(92,599)	(88,668)
	-----	-----
PROPERTY, PLANT AND EQUIPMENT, NET.....	170,752	167,990
	-----	-----
TOTAL ASSETS.....	\$ 565,112	\$ 485,320
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt.....	\$ 795	\$ 1,270
Accounts payable.....	59,277	35,589
Accrued liabilities:		
Compensation and benefits.....	19,096	29,423
Other	11,425	4,973
Current portion of long-term debt and capital lease obligations.....	18,260	8,783
	-----	-----
TOTAL CURRENT LIABILITIES.....	108,853	80,038
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion.....		
	197,336	150,807
DEFERRED INCOME TAXES.....	9,139	9,092
OTHER LIABILITIES.....	9,319	9,614
	-----	-----
TOTAL LIABILITIES.....	324,647	249,551
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, 19,715,974 and 19,719,114.....	19,716	19,719
Additional paid-in capital.....	79,995	79,800
Retained earnings.....	141,386	136,645
Accumulated other comprehensive earnings.....	523	860
	-----	-----
	241,620	237,024
Officers' stock notes receivable.....	(1,155)	(1,255)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY.....	240,465	235,769
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$ 565,112	\$ 485,320
	=====	=====

See notes to consolidated condensed financial statements.

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

(In thousands, except per share data.)

	Three Months Ended	
	March 31, 2001	March 25, 2000
NET SALES	\$ 284,638	\$ 304,072
COST OF GOODS SOLD.....	241,519	263,661
GROSS PROFIT.....	43,119	40,411
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.....	32,273	27,318
EARNINGS FROM OPERATIONS.....	10,846	13,093
INTEREST, NET:		
Interest expense.....	3,199	3,168
Interest income.....	(72)	(86)
	3,127	3,082
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE.....	7,719	10,011
INCOME TAXES.....	2,856	3,953
EARNINGS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF INVESTEE.....	4,863	6,058
MINORITY INTEREST.....	(67)	(23)
EQUITY IN EARNINGS OF INVESTEE.....	181	46
NET EARNINGS.....	\$ 4,977	\$ 6,081
	=====	=====
EARNINGS PER SHARE - BASIC.....	\$ 0.25	\$ 0.30
EARNINGS PER SHARE - DILUTED.....	\$ 0.25	\$ 0.30
WEIGHTED AVERAGE SHARES OUTSTANDING.....	19,714	20,135
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS.....	20,243	20,524

See notes to consolidated condensed financial statements.

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(In thousands, except share data.)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Earnings	Officers' Stock Notes Receivable	Total
	-----	-----	-----	-----	-----	-----
BALANCE AS OF 12/30/00.....	\$ 19,719	\$ 79,800	\$ 136,645	\$ 860	(\$ 1,255)	\$ 235,769
Comprehensive earnings:						
Net earnings.....			4,977			
Foreign currency translation adjustment.....				(337)		
Total comprehensive earnings.....						4,640
Issuance of 16,160 shares.....	16	195				211
Repurchase of 19,300 shares.....	(19)		(236)			(255)
Payments received on officers' stock notes receivable.....					100	100
BALANCE AS OF 03/31/01.....	\$ 19,716	\$ 79,995	\$ 141,386	\$ 523	(\$ 1,155)	\$ 240,465
BALANCE AS OF 12/25/99.....	\$ 20,212	\$ 78,625	\$ 115,327	\$ 1,033	(\$ 635)	\$ 214,562
Comprehensive earnings:						
Net earnings.....			6,081			
Foreign currency translation adjustment.....				154		
Total comprehensive earnings.....						6,235
Issuance of 7,296 shares.....	7	84				91
Repurchase of 159,500 shares.....	(159)		(1,889)			(2,048)
Payments received on officers' stock notes receivable.....					124	124
BALANCE AS OF 03/25/00.....	\$ 20,060	\$ 78,709	\$ 119,519	\$ 1,187	(\$ 511)	\$ 218,964

See notes to consolidated condensed financial statements.

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

(In thousands.)

	Three Months Ended	
	March 31, 2001	March 25, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 4,977	\$ 6,081
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation.....	4,577	3,830
Amortization of non-compete agreements and goodwill.....	1,045	791
(Gain) loss on sale of property, plant and equipment.....		(88)
Changes in:		
Accounts receivable.....	(37,032)	(37,040)
Inventories.....	(23,587)	(28,095)
Accounts payable.....	22,600	22,737
Accrued liabilities and other.....	(7,198)	(5,089)
NET CASH FROM OPERATING ACTIVITIES.....	(34,618)	(36,873)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment.....	(7,781)	(7,271)
Acquisitions, net of cash received.....	(10,498)	
Proceeds from sale of property, plant and equipment.....	481	209
Other.....	(391)	(261)
NET CASH FROM INVESTING ACTIVITIES.....	(18,189)	(7,323)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings of notes payable and revolving credit facilities.....	58,759	42,908
Proceeds from issuance of long-term debt.....		1,949
Repayment of long-term debt, net.....	(2,864)	(379)
Proceeds from issuance of common stock.....	48	65
Repurchase of common stock.....	(255)	(2,048)
NET CASH FROM FINANCING ACTIVITIES.....	55,688	42,495
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	2,881	(1,701)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	2,392	4,106
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	\$ 5,273	\$ 2,405
	=====	=====
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest.....	\$ 731	\$ 611
Income taxes paid (refunded).....	289	(2,913)
NON-CASH FINANCING ACTIVITIES:		
Accounts receivable exchanged for a note receivable.....		\$ 441

See notes to consolidated condensed financial statements.

UNIVERSAL FOREST PRODUCTS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

A. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated condensed financial statements (the "Financial Statements") of Universal Forest Products, Inc. and its wholly-owned and majority-owned subsidiaries and partnerships (together, the "Company"), have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, the Financial Statements do not include all of the information and footnotes normally included in the annual consolidated financial statements prepared in accordance with generally accepted accounting principles. All significant intercompany transactions and balances have been eliminated. The equity method of accounting has been used for the Company's less than 50% owned affiliates over which the Company has the ability to exercise a significant influence.

In the opinion of management, the Financial Statements contain all material adjustments necessary to present fairly the consolidated financial position, results of operations and cash flows, and changes in shareholders' equity of the Company for the interim periods presented. All such adjustments are of a normal recurring nature. These Financial Statements should be read in conjunction with the consolidated financial statements, and footnotes thereto, included in the Company's Annual Report to Shareholders on Form 10-K for the fiscal year ended December 30, 2000.

Certain reclassifications have been made to the Financial Statements for 2000 to conform to the classifications used in 2001.

B. EARNINGS PER COMMON SHARE

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

	Three Months Ended 03/31/01			Three Months Ended 03/25/00		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
NET EARNINGS.....	\$ 4,977			\$ 6,081		
EPS - BASIC						
Income available to common stockholders.....	4,977	19,714	\$0.25 =====	6,081	20,135	\$0.30 =====
EFFECT OF DILUTIVE SECURITIES						
Options.....		529			389	
EPS - DILUTED						
Income available to common stockholders and assumed options exercised.....	\$ 4,977 =====	20,243 =====	\$0.25 =====	\$ 6,081 =====	20,524 =====	\$0.30 =====

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

Options to purchase 502,971 shares of common stock at exercise prices ranging from \$14.75 to \$36.01 were outstanding at March 31, 2001, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common stock and, therefore, would be antidilutive.

C. STOCK OPTIONS AND STOCK-BASED COMPENSATION

As permitted under Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," the Company continues to apply the provisions of APB Opinion No. 25 which recognizes compensation expense under the intrinsic value method. Had compensation cost for the stock options granted been determined under the fair value based method defined in SFAS 123, the Company's net earnings and earnings per share would have been reduced to the following pro forma amounts (in thousands, except per share data).

	Three Months Ended	
	March 31, 2001	March 25, 2000
Net Earnings:		
As Reported.....	\$4,977	\$6,081
Pro Forma.....	4,639	5,933
EPS - Basic:		
As Reported.....	\$0.25	\$0.30
Pro Forma.....	\$0.24	\$0.29
EPS - Diluted:		
As Reported.....	\$0.25	\$0.30
Pro Forma.....	\$0.23	\$0.29

The fair value of each option granted in the three months ended March 31, 2001 and March 25, 2000 was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted-average assumptions.

	2001 ----	2000 ----
Risk Free Interest Rate.....	4.6%	6.20%
Expected Life.....	4.5 years	5.7 years
Expected Volatility.....	26.62%	27.17%
Expected Dividend Yield.....	0.40%	0.40%

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

Stock option activity for the three months ended March 31, 2001 is as follows:

	Shares of Common Stock Attributable to Options -----	Weighted- Average Exercise Price of Options -----
Outstanding on December 30, 2000	1,661,538	\$12.95
Granted	390,597	14.13
Exercised	0	n/a
Forfeited	(50,887)	8.34
-----	-----	-----
Outstanding on March 31, 2001	2,001,248	\$13.28

The following table summarizes information concerning options on March 31, 2001 (there are no options exercisable at March 31, 2001):

Range of Exercise Prices -----	Number Outstanding -----	Weighted-Average Remaining Contractual Life -----
\$4.50 - \$10.00	557,500	2.64
\$10.01 - \$25.00	1,333,748	4.40
\$25.01 - \$36.01	110,000	10.27

	2,001,248	
	=====	

No options to purchase shares were granted during the first three months ended March 31, 2001 at exercise prices which exceeded the market price on the date of grant. Options to purchase 40,000 shares with a weighted-average exercise price of \$21.56 were granted during the three months ended March 25, 2000 at exercise prices which exceeded the market price on the date of grant.

D. BUSINESS COMBINATIONS

On February 28, 2001, a subsidiary of the Company acquired 50% of the assets of D&R Framing Contractors ("D&R") of Englewood, Colorado. The total purchase price to the Company was approximately \$7.6 million. The excess of the purchase price over the estimated fair value of the acquired assets, assumed liabilities and minority interest was \$7.0 million, and has been recorded as goodwill, to be amortized over a straight-line basis for 20 years. D&R's results of operations are included in the Company's consolidated condensed financial statements since the date of acquisition.

On March 2, 2001, a subsidiary of the Company acquired the remaining 50% of ECJW Holdings, Inc. and its two subsidiaries, Thorndale Roof Systems, Inc. and Edcor Floor Systems, Inc. (collectively "TED"). The second purchase price for the remaining stock of TED was approximately \$3.5 million. The excess of the purchase price over the previously recorded

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

minority interest was \$2.3 million, and has been recorded as goodwill, to be amortized over a straight-line basis for 20 years.

E. SUBSEQUENT EVENT

On April 3, 2001, a subsidiary of the Company acquired certain assets of the Sunbelt Wood Components Division of Kevco Manufacturing, L.P. The assets include component-manufacturing facilities in North Carolina, Alabama, Georgia and Arizona, which serve the manufactured housing and industrial markets. The total purchase price for the assets was \$7.8 million.

UNIVERSAL FOREST PRODUCTS, INC.

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

RISK FACTORS

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

Lumber Market Volatility:

The Company experiences significant fluctuations in the cost of commodity lumber products from primary producers. A variety of factors over which the Company has no control, including government regulations, environmental regulations, weather conditions, economic conditions and natural disasters, impact the cost of lumber products and the Company's selling prices. 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.

UNIVERSAL FOREST PRODUCTS, INC.

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

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 is witnessing consolidation by its customers. These consolidations will result in a larger portion of the Company's sales being made to some customers and may limit the customer base the Company is able to serve.

Government Regulations:

The Company is subject to a variety of government regulations which create a 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 preservative-treated products, it could adversely affect the Company's sales and profits. If existing laws are interpreted differently, it could increase the financial cost to the Company.

The Company's wood preservation process involves the use of a chromated copper arsenate (CCA) solution that is applied to wood products under pressure. The Company understands, based on published industry reports, that CCA is a safe and effective product to prolong the use of many of the Company's wood products. The Company is aware of certain allegations that the existence of arsenic in such products presents a threat to public health. To date, the Company has no evidence supporting the validity of any of these allegations. Nevertheless, and presumably due to these allegations, the State of Florida has imposed a moratorium on the use of CCA treated wood in Florida state parks. The expansion of limits on the use of CCA treated lumber within Florida or by other states could have a negative impact on the Company's results of operations.

The United States government recently suspended the implementation of proposed changes in the arsenic drinking water standards adopted in the last days of the Clinton administration. If the proposed changes are adopted, which reduce the current standard for arsenic of 50 parts per billion, the Company anticipates that other threshold levels, such as storm water and soil limitations, will

UNIVERSAL FOREST PRODUCTS, INC.

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

be reduced. These requirements, if adopted, could have a significant adverse impact on the Company's cost of operations.

Weather Conditions:

The majority of the Company's products are used or installed 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 its value-added services, ensures 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 factors set forth above.

FLUCTUATIONS IN LUMBER PRICES

The following table presents the Random Lengths framing lumber composite price for the three months ended March 31, 2001 and March 25, 2000:

UNIVERSAL FOREST PRODUCTS, INC.

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

	Random Lengths Composite Average \$/MBF	
	2001	2000
January.....	\$269	\$386
February.....	285	385
March.....	306	382
First quarter average.....	\$287	\$384
First quarter percentage decrease from 2000.....	(25.3%)	

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

	Random Lengths SYP Average \$/MBF	
	2001	2000
January.....	\$369	\$488
February.....	393	490
March.....	408	494
First quarter average.....	\$390	\$491
First quarter percentage decrease from 2000.....	(20.6%)	

The effects of the Lumber Market on the Company's results of operations are discussed below under the caption "Net Sales."

BUSINESS COMBINATIONS

On February 28, 2001, a subsidiary of the Company acquired 50% of the assets of D&R Framing Contractors ("D&R") of Englewood, Colorado for approximately \$7.6 million. D&R had net sales in fiscal 2000 totaling approximately \$44 million.

On March 2, 2001, a subsidiary of the Company acquired the remaining 50% of ECJW Holdings, Inc. and its two subsidiaries, Thorndale Roof Systems, Inc. and Edcor Floor Systems, Inc. (collectively "TED"). The second purchase price for the remaining stock of TED was approximately \$3.5 million.

UNIVERSAL FOREST PRODUCTS, INC.

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 Condensed Statements of Earnings as a percentage of net sales.

	For the Three Months Ended	
	March 31, 2001	March 25, 2000
Net sales.....	100.0%	100.0%
Cost of goods sold.....	84.9	86.7
Gross profit.....	15.1	13.3
Selling, general, and administrative expenses.....	11.3	9.0
Earnings from operations.....	3.8	4.3
Interest, net.....	1.0	1.0
Earnings before income taxes, minority interest and equity in earnings of investee.....	2.8	3.3
Income taxes.....	1.0	1.3
Earnings before minority interest and equity in earnings of investee.....	1.8	2.0
Minority interest.....	(0.0)	(0.0)
Equity in earnings of investee.....	0.0	0.0
Net earnings.....	1.8%	2.0%

NET SALES

The Company engineers, manufactures, installs, 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

UNIVERSAL FOREST PRODUCTS, INC.

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

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.

This information is included 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.

Market Classification	For the Three Months Ended			
	March 31, 2001	%	March 25, 2000	%
DIY/Retail.....	\$127,704	44.8%	\$134,280	44.2%
Manufactured Housing.....	50,835	17.9	78,182	25.7
Site-Built Construction.....	62,198	21.9	48,615	16.0
Industrial.....	26,774	9.4	26,380	8.7
Wholesale Lumber.....	17,127	6.0	16,615	5.4
Total.....	\$284,638	100.0%	\$304,072	100.0%

Net sales in the first quarter of 2001 decreased compared to the first quarter of 2000, reflecting a decrease in overall selling prices, partially offset by an increase in units shipped. Overall selling prices decreased due to the deflated Lumber Market (see "Fluctuations in Lumber Prices"). The increase in units shipped was primarily driven by sales from newly acquired plants serving the site-built construction market, increased unit sales to the industrial market and additional business with the Company's largest DIY customer.

UNIVERSAL FOREST PRODUCTS, INC.

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

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

	Three Months Ended	
	March 31, 2001	March 25, 2000
Value-Added.....	50.3%	44.0%
Commodity-Based.....	49.7%	56.0%

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

The increase in the ratio of value-added sales to total sales in the first quarter was primarily due to increased sales of engineered roof trusses, I-joists and Open Joist 2000 products to the site-built construction and retail markets. In addition, commodity and treated lumber sales decreased due to a decline in units shipped to the manufactured housing market and a decline in overall selling prices due to the deflated Lumber Market. The above factors were partially offset by a 31% decline in truss sales to the manufactured housing market.

DIY/Retail:

Net sales to the DIY/retail market decreased in the first quarter of 2001 compared to the same period of 2000. This decrease was primarily due to a decrease in overall selling prices caused by the deflated Lumber Market, offset by a 10% increase in unit sales to the Company's largest customer.

Manufactured Housing:

Net sales to the manufactured housing market decreased in the first quarter of 2001 compared to the same period of 2000. The Company's unit sales have decreased as these customers continue to struggle with an oversupply of finished homes at the retail level, tight credit conditions and an increase in repossessions. The industry expects this situation to continue for the next three or four quarters. In addition, overall selling prices declined due to the deflated Lumber Market.

Site-Built Construction:

Net sales to the site-built construction market increased in the first quarter of 2001 compared to the same period of 2000. This increase was primarily due to increased unit sales as a result of the acquisition of TED and Gang-Nail Components in the second quarter of 2000 and D&R in the first quarter of 2001.

UNIVERSAL FOREST PRODUCTS, INC.

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

Industrial:

Net sales to the industrial market increased slightly in the first quarter of 2001 compared to the same period of 2000. This increase was primarily due to increased market share in several regions from redirecting sales efforts and manufacturing capacity at certain plants as a result of the downturn in the manufactured housing market.

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales increased in the first quarter of 2001 compared to the same period of 2000. This increase was primarily due to:

- - An increase in the ratio of value-added product sales to the Company's total sales due to increased sales of engineered wood products to the site-built construction market.
- - An increase in gross margins on many products due to the low level of the Lumber Market in the first quarter of 2001 compared to 2000. The selling prices of several products are indexed to the Lumber Market along with a fixed dollar "adder" to cover conversion costs and profits. Therefore, in periods when the Lumber Market is down, the fixed adder will result in higher gross margins.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased in the first quarter of 2001 compared to the same period of 2000. This increase was primarily due to:

- - Expenses added through business acquisitions and other new operations.
- - An increase in selling and administrative headcount to support the growth of the business and to pursue strategic initiatives.

INTEREST, NET

Net interest costs increased slightly in the first quarter of 2001 compared to the same period of 2000. This increase was due to a higher average debt balance as a result of recent business acquisitions, offset by a decrease in short-term borrowing rates on variable rate debt.

INCOME TAXES

The Company's effective tax rate was 37.0% in the first quarter of 2001 compared to 39.5% in the same period of 2000. Effective tax rates differ from statutory federal income tax rates, primarily due to provisions for state and local income taxes and permanent tax differences.

UNIVERSAL FOREST PRODUCTS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
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LIQUIDITY AND CAPITAL RESOURCES

Cash flows used in operating activities decreased slightly in the first quarter of 2001 compared to the same period of 2000. This improvement was primarily due to the impact of a lower Lumber Market on sales, receivables and inventory.

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 55 days in the first three months of 2001 from 52 days in the first three months of 2000 primarily due to a longer receivables cycle. The receivables cycle increased primarily due to a greater percentage of the Company's sales being made to the site-built construction market and a general lag in the receivable cycle.

Capital expenditures totaled \$7.8 million in the first three months of 2001 compared to \$7.3 million in the same period of 2000. The Company's capital expenditures during the first quarter of 2001 primarily consisted of several projects to improve efficiencies, expand manufacturing capacity at existing plants and costs to acquire new plants. The Company expects to spend between \$28 million and \$32 million on capital expenditures for the balance of 2001, which includes outstanding purchase commitments on capital projects totaling approximately \$11.2 million on March 31, 2001. The Company intends to satisfy these commitments utilizing its revolving credit facilities.

The Company spent approximately \$10.5 million in the first three months of 2001 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 facilities.

Cash flows provided by financing activities increased in the first three months of 2001 compared to the same period of 2000, primarily due to borrowings to fund business acquisitions. On March 31, 2001, the Company had \$64 million outstanding on its \$175 million primary revolving credit facility and \$17.7 million Canadian (\$11.7 million U.S.) outstanding on its \$20 million Canadian revolving credit facility. Financial 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 within its requirements at March 31, 2001.

UNIVERSAL FOREST PRODUCTS, INC.

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

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

The Company is self-insured for environmental impairment liability and accrues for the estimated cost of monitoring or remediation activities. As of March 31, 2001, the Company owns or operates 21 wood preserving facilities throughout the United States that treat lumber products with a chemical preservative. In accordance with applicable federal, state and local environmental laws, ordinances and regulations, the Company may be potentially liable for costs and expenses related to the environmental condition of the Company's real property. The Company has established reserves for remediation activities at its North East, MD; Union City, GA; Stockertown, PA; Elizabeth City, NC; Auburndale, FL; and Schertz, TX facilities.

The Company has accrued in other long-term liabilities amounts totaling \$2.4 million and \$2.3 million on March 31, 2001 and March 25, 2000, respectively, for the activities described above. Management believes that the potential future costs of known remediation efforts will not have a material adverse effect on its future financial position, results of operations or liquidity.

UNIVERSAL FOREST PRODUCTS, INC.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risks related to fluctuations in interest rates on its variable rate debt, which consists of 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.

UNIVERSAL FOREST PRODUCTS, INC.

PART II. OTHER INFORMATION

Item 2. Changes in Securities.

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

	Date of Sale -----	Class of Stock -----	Number of Shares -----	Purchasers -----	Consideration Exchanged -----
Stock Gift Program	Various	Common	450	Eligible persons	None
Directors' Stock Grant Program	01/08/01	Common	1,500	Directors	Director services

UNIVERSAL FOREST PRODUCTS, INC.

SIGNATURE

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

UNIVERSAL FOREST PRODUCTS, INC.

Date: May 11, 2001

By: /s/ William G. Currie

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

Date: May 11, 2001

By: /s/ Michael R. Cole

Michael R. Cole
Its: Chief Financial Officer