

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

FORM 10-Q

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

For the quarterly period ended September 27, 1997

OR

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

Commission File Number 0-22684

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

Michigan

38-1465835

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

2801 East Beltline NE, Grand Rapids, Michigan

49525

(Address of principal executive offices)

(Zip Code)

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

NONE

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

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

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

Class	Outstanding as of November 1, 1997
Common stock, no par value	17,174,605

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

	September 27, 1997	December 28, 1996
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11,268,855	\$ 1,275,636
Accounts receivable	57,844,520	32,102,276
Inventories:		
Raw materials	33,939,507	32,752,316
Finished goods	57,788,891	55,767,455
	-----	-----
	91,728,398	88,519,771
Other current assets	5,074,874	4,659,749
	-----	-----
TOTAL CURRENT ASSETS	165,916,647	126,557,432
OTHER ASSETS	4,437,612	4,092,038
NON-COMPETE AGREEMENTS	2,669,739	3,051,727
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment, at cost.	111,472,185	103,643,146
Accumulated depreciation and amortization	(49,332,059)	(43,967,364)
	-----	-----
PROPERTY, PLANT AND EQUIPMENT, NET	62,140,126	59,675,782
	-----	-----
	\$235,164,124	\$193,376,979
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 42,988,499	\$ 14,100,269
Accrued liabilities:		
Compensation and benefits	15,806,323	17,736,451
Income taxes	563,058	810,927
Other	2,709,298	1,761,486
Current portion of long-term debt and capital lease obligations	3,149,994	3,652,900
	-----	-----
TOTAL CURRENT LIABILITIES	65,217,172	38,062,033
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion		
	47,040,349	48,975,502
OTHER LIABILITIES	6,358,719	6,461,643
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 & outstanding, 17,172,558 and 17,040,467	17,172,558	17,040,467
Additional paid-in capital	29,567,664	28,801,707
Retained earnings	71,476,773	55,530,786
Foreign currency translation adjustment	(764,538)	(830,459)
	-----	-----
Officers' stock notes receivable	117,452,457	100,542,501
	(904,573)	(664,700)
	-----	-----
	116,547,884	99,877,801
	-----	-----
	\$235,164,124	\$193,376,979
	=====	=====

See notes to consolidated condensed financial statements.

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

	Three Months Ended		Nine Months Ended	
	September 27, 1997	September 28, 1996	September 27, 1997	September 28, 1996
NET SALES	\$ 284,991,209	\$243,886,515	\$840,971,709	\$679,194,681
COST OF GOODS SOLD	260,866,755	221,956,342	764,669,437	609,472,165
GROSS PROFIT	24,124,454	21,930,173	76,302,272	69,722,516
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	15,206,232	13,685,303	45,777,565	41,546,331
EARNINGS FROM OPERATIONS	8,918,222	8,244,870	30,524,707	28,176,185
OTHER EXPENSE (INCOME):				
Interest expense	954,457	996,151	3,188,226	3,041,842
Interest income	(77,219)	(334,763)	(238,141)	(624,442)
Other, net	(69,954)	(442,704)	(134,295)	(442,601)
TOTAL OTHER EXPENSE	807,284	218,684	2,815,790	1,974,799
EARNINGS BEFORE INCOME TAXES ..	8,110,938	8,026,186	27,708,917	26,201,386
INCOME TAXES	2,889,362	3,234,000	10,212,000	10,595,000
NET EARNINGS	\$ 5,221,576	\$ 4,792,186	\$ 17,496,917	\$ 15,606,386
	=====	=====	=====	=====
PRIMARY AND FULLY-DILUTED EARNINGS PER SHARE	\$ 0.29	\$ 0.27	\$ 0.98	\$ 0.88
WEIGHTED AVERAGE SHARES OUTSTANDING	17,913,000	17,776,000	17,851,000	17,701,000

See notes to consolidated condensed financial statements.

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

	Nine Months Ended	
	September 27, 1997	September 28, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 17,496,917	\$ 15,606,386
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	6,780,048	6,176,595
Stock Gift Program expense	3,444	2,656
Gain on disposal of property, plant and equipment ...	(38,292)	(41,005)
Changes in:		
Accounts receivable	(25,742,244)	(22,187,464)
Inventories	(3,208,627)	(8,745,319)
Other	(314,768)	(144,491)
Accounts payable	28,888,230	12,734,147
Accrued liabilities	(1,230,186)	5,015,981
NET CASH PROVIDED BY OPERATING ACTIVITIES	22,634,522	8,417,486
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collections of notes receivable	230,937	210,276
Purchase of notes receivable		(164,085)
Purchase of property, plant and equipment	(9,454,545)	(6,864,318)
Proceeds from sale of property, plant and equipment ...	248,446	223,193
Other	(171,767)	(8,859)
NET CASH USED IN INVESTING ACTIVITIES	(9,146,929)	(6,603,793)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	577,115	266,089
Cash dividends paid to shareholders	(515,108)	(511,146)
Repayment of long-term debt	(2,438,059)	(2,230,492)
Repurchase of common stock	(1,118,324)	(821,882)
NET CASH USED IN FINANCING ACTIVITIES	(3,494,376)	(3,297,431)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ..	9,993,217	(1,483,738)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,275,636	21,471,821
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 11,268,855	\$ 19,988,083
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$ 2,451,073	\$ 2,236,575
Income taxes	10,459,866	8,438,879
NONCASH INVESTING ACTIVITIES:		
Equipment acquired with long term debt		\$ 59,000
Real estate received in lieu of note receivable		347,000

See notes to consolidated condensed financial statements.

UNIVERSAL FOREST PRODUCTS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 27, 1997

A. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated condensed financial statements (the "Financial Statements") of Universal Forest Products, Inc. and its wholly-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 accounts and transactions have been eliminated in consolidation.

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 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 financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1996.

Certain reclassifications have been made to the 1996 consolidated condensed statements of earnings to conform to the classifications in 1997.

B. EARNINGS PER COMMON SHARE

Earnings per common share have been computed based on the weighted average number of common and common equivalent shares outstanding during the periods presented, giving effect to options granted in 1989 and 1993, utilizing the "treasury stock" method as if the options were granted and outstanding as of the earliest period presented. Primary and fully-diluted earnings per common share were not materially different during the periods presented. Weighted average shares outstanding are as follows:

	Three Months Ended		Nine Months Ended	
	September 27, 1997	September 28, 1996	September 27, 1997	September 28, 1996
Issued and outstanding	17,171,000	17,039,000	17,116,000	17,027,000
Effect of stock options	742,000	737,000	735,000	674,000
	-----	-----	-----	-----
Weighted average shares outstanding...	17,913,000	17,776,000	17,851,000	17,701,000
	=====	=====	=====	=====

UNIVERSAL FOREST PRODUCTS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 27, 1997 - CONTINUED

C. NEW ACCOUNTING STANDARDS

In March 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings Per Share." SFAS 128 requires companies with complex capital structures that have publicly held common stock or common stock equivalents to present both basic and diluted earnings per share ("EPS") on the face of the income statement. The presentation of basic EPS replaces the presentation of primary EPS currently required by Accounting Principles Board Opinion No. 15 ("APB No. 15"), "Earnings Per Share." Basic EPS is calculated as income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted EPS (previously referred to as fully diluted EPS) is calculated using the "if converted" method for convertible securities and the treasury stock method for options and warrants as prescribed by APB No. 15. This new statement is effective for financial statements issued for interim and annual periods ending after December 15, 1997. The Company does not believe the adoption of SFAS 128 in fiscal 1997 will have a significant impact on the Company's reported EPS.

UNIVERSAL FOREST PRODUCTS, INC.

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

FINANCIAL IMPACT OF FLUCTUATIONS IN LUMBER PRICES AND SEASONALITY

The Company experiences significant fluctuations in the cost of lumber products from primary producers. The table below highlights such fluctuations for the nine months ended September 27, 1997 and September 28, 1996. A variety of factors over which the Company has no control, including government regulations, environmental regulations, weather conditions, and natural disasters, impact the cost of lumber products. The Company anticipates that these fluctuations will continue in the future.

The following table presents the Random Lengths framing lumber composite price.

	Random Lengths Average \$/MBF	
	1997	1996
January	\$436	\$329
February	444	347
March	433	353
April	457	374
May	444	420
June	430	409
July	429	402
August	413	443
September	393	443
Period Average ..	\$431	\$391

The composite price is a weighted average of nine key framing lumber prices chosen from major producing areas and species. The composite price is designed as a broad measure of price movement in the commodity lumber market ("Lumber Market"). The effects of the Lumber Market on the Company's results of operations are discussed below under the captions "Net Sales" and "Cost of Goods Sold and Gross Profit."

The Company's business is seasonal in nature and results of operations vary from quarter to quarter. The demand for many of the Company's products is highest during the period of April to August. Accordingly, the Company's sales tend to be greater during its second and third quarters. To support this sales peak, the Company builds its inventory of finished goods throughout the winter and spring. Therefore, quantities of raw materials and finished goods inventories tend to be at their highest, relative to sales, during the Company's first and fourth quarters. As a result, the Company has some exposure related to sharp declines in the Lumber Market during its primary selling season. However, the Company maintains supply programs with vendors which are intended to decrease its exposure. These programs have substantially reduced the Company's investment in inventories, and include those materials which are most susceptible to adverse changes in the Lumber Market.

UNIVERSAL FOREST PRODUCTS, INC. AND SUBSIDIARIES

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.

	Three Months Ended		Nine Months Ended	
	September 27, 1997	September 28, 1996	September 27, 1997	September 28, 1996
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	91.5	91.0	90.9	89.7
	-----	-----	-----	-----
Gross profit	8.5	9.0	9.1	10.3
Selling, general and administrative expenses	5.3	5.6	5.5	6.1
	-----	-----	-----	-----
Earnings from operations	3.2	3.4	3.6	4.2
Other expense, net	0.4	0.1	0.3	0.3
	-----	-----	-----	-----
Earnings before income taxes	2.8	3.3	3.3	3.9
Income taxes	1.0	1.3	1.2	1.6
	-----	-----	-----	-----
Net earnings	1.8%	2.0%	2.1%	2.3%
	=====	=====	=====	=====

NET SALES

The Company manufactures, treats, and distributes lumber and other products to the do-it-yourself (DIY), manufactured housing, wholesale lumber, and industrial markets. Its sales comprise a single industry segment. The Company's key strategic objectives relative to sales include:

- - Diversifying its end market sales mix by increasing sales to the industrial market and penetrating the commercial and residential engineered building components market.
- - Maximizing its sales of "value-added" products. Value-added product sales consist primarily of items sold to the DIY market under the Company's Fence Fundamentals(TM), Lattice Basics(TM), Deck Necessities(R), Outdoor Essentials(R), Storage Solutions(TM), and YardLine(R) trade names, trusses sold to the manufactured housing market, industrial packaging products sold to the industrial market, and non-

UNIVERSAL FOREST PRODUCTS, INC. AND SUBSIDIARIES

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

commodity distributed products. Distributed products include vinyl fencing and decking, engineered wood products, and other building materials. Value-added products generally carry higher net margins than sales of commodity-based products and are less susceptible to Lumber Market volatility. A long-term goal of the Company is to achieve a ratio of value-added sales to total sales of at least 50%.

- - Growing unit sales to each of the Company's existing markets, except the wholesale market. The Company is not emphasizing sales to the wholesale market as a result of its goals to increase its ratio of value-added product sales to total sales and sell directly to retail customers.
- - Utilizing its distribution network to the DIY and manufactured housing markets to increase distribution sales of non-commodity products manufactured by other companies.

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

- - Sales by market classification.
- - The percentage change in sales attributable to changes in overall selling prices versus changes in the quantity of units shipped.
- - The ratio of value-added product sales to total sales.

This information is presented in tables which 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	Three Months Ended				Nine Months Ended			
	Sept. 27, 1997	%	Sept. 28, 1996	%	Sept. 27, 1997	%	Sept. 28, 1996	%
DIY	\$148,623	52.2%	\$127,778	52.4%	\$446,712	53.1%	\$370,603	54.6%
MH	105,902	37.2	92,560	38.0	307,728	36.6	242,951	35.8
Wholesale Lumber ..	15,518	5.4	12,007	4.9	45,025	5.4	33,281	4.9
Industrial	14,948	5.2	11,542	4.7	41,507	4.9	32,360	4.8
Total	\$284,991	100.0%	\$243,887	100.0%	\$840,972	100.0%	\$679,195	100.0%
	=====	=====	=====	=====	=====	=====	=====	=====

UNIVERSAL FOREST PRODUCTS, INC. AND SUBSIDIARIES
 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
 AND RESULTS OF OPERATIONS - CONTINUED

The following table estimates the Company's percentage change in net sales from 1996 to 1997 which are attributable to changes in overall selling prices and changes in units shipped.

UNIVERSAL FOREST PRODUCTS, INC. AND SUBSIDIARIES
 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
 AND RESULTS OF OPERATIONS - CONTINUED

retail customers continue to capture additional market share in the industry, management believes it is well positioned to increase its market share.

An increase in net sales for the first nine months of 1997 is due to an increase in unit sales (due to the same factors mentioned above), combined with an increase in overall selling prices attributable to the relatively high level of the Lumber Market in 1997 compared to 1996. (See the Random Lengths table presented on page 8.)

Manufactured Housing (MH):

Net sales to the manufactured housing market increased in the third quarter of 1997 compared to the third quarter of 1996, primarily due to an increase in unit sales attributable to the acquisition of three plants from Hi-Tek Forest Products, Inc. ("Hi-Tek") on October 1, 1996. An increase in net sales for the first nine months of 1997, compared to the first nine months of 1996, is attributable to an increase in units shipped (due to the additional Hi-Tek plants), combined with an increase in overall selling prices due to the relatively high level of the Lumber Market in 1997 compared to 1996.

Wholesale:

Net sales to the wholesale market increased in the third quarter and first nine months of 1997, compared to the same period of 1996, primarily due to an increase in unit sales. Although the Company is not focusing on growing its sales to the wholesale market, it continues to supply its existing customers and take advantage of opportunities for new business when these sales provide favorable net margins.

Industrial:

Net sales to the industrial market increased in the third quarter of 1997, compared to the third quarter of 1996, primarily due to an increase in unit sales. In 1997, new sales positions and sales incentive programs were created to grow sales to this market. An increase in net sales for the first nine months of 1997 is due to an increase in units shipped, combined with an increase in overall selling prices due to the relatively high level of the Lumber Market in 1997 compared to 1996. In many cases, products sold to this market are produced from the byproducts of manufactured products sold to other markets. Therefore, products produced and distributed to this market provide the Company with opportunities to improve its raw material yields. In addition, this market is less susceptible to seasonal and cyclical fluctuations. The Company plans to continue to grow its sales to this market in the future through internal expansion and strategic acquisitions.

UNIVERSAL FOREST PRODUCTS, INC. AND SUBSIDIARIES

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

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales decreased to 8.5% in the third quarter of 1997 compared to 9.0% in the same period of 1996. This decrease was primarily due to a combination of the following factors:

- - The Lumber Market was on a downward trend in the third quarter of 1997, compared to an upward trend in the third quarter of 1996. This resulted in a comparatively lower gross profit percentage on the sale of commodity-based products in the third quarter of 1997.
- - The effect of predatory price competition in the manufactured housing market in certain geographic regions.

Gross profit as a percentage of net sales decreased to 9.1% in the first nine months of 1997, compared to 10.3% in the same period of 1996, primarily due to the factors discussed above, plus:

- - The effect of the higher level of the Lumber Market that existed throughout the first six months of 1997 on the gross profit percentage of the Company's commodity-based products. Selling prices of these products are generally indexed to the Lumber Market, along with a fixed dollar "adder" to cover production costs plus profit. Therefore, in a stable but high Lumber Market, the Company's gross profit percentage will be lower than the gross profit percentage it would realize with a stable but low Lumber Market.
- - The effect of the higher level of the Lumber Market on the gross profit percentage of the Company's value-added products in the first six months of 1997. Selling prices of these products tend to be fixed for a specific time period or quantity. Therefore, in periods of high or increasing lumber costs, the Company's gross profit percentage will decrease.
- - The Lumber Market was on an upward trend in the second quarter of 1996, compared to a stable to downward trending Lumber Market in the second quarter of 1997. This resulted in a comparatively lower gross profit percentage on the sale of commodity-based products in the second quarter of 1997.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased approximately \$1.5 million, or 11.1%, comparing the third quarter of 1997 to the same period of 1996. This net increase was primarily due to:

- - General increases in selling and administrative headcount to support the growth of the business.

UNIVERSAL FOREST PRODUCTS, INC. AND SUBSIDIARIES

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

- - Expenses added through the acquisition of Hi-Tek.
- - The creation of new centralized marketing, national sales, and manufacturing design departments.
- - Increased depreciation expense related to upgraded information systems.

These increases were offset by a decrease in accrued incentive compensation expenses related to return on investment objectives. Selling, general and administrative expenses for the first nine months of 1997 increased approximately \$4.2 million, or 10.2%, compared to the same period of 1996, primarily due to the same factors discussed above.

OTHER EXPENSE, NET

Other expense, net is primarily comprised of interest expense and interest income. Net interest costs (interest expense less interest income) increased approximately \$215,000, comparing the third quarter of 1997 to the same period of 1996. Average cash balances have decreased in 1997 due to increased working capital requirements resulting from a growth in business. Net interest costs for the first nine months of 1997 increased approximately \$530,000, compared to the same period of 1996, due to the same factors.

INCOME TAXES

The Company's effective tax rate in the third quarter of 1997 was 35.6%, compared to 40.3% in the third quarter of 1996, and 36.9% for the first nine months of 1997, compared to 40.4% for the same period of 1996. Effective tax rates differ from statutory federal income tax rates primarily due to provisions for state and local income taxes, which can vary from year to year based on changes in income generated by the Company in each of the states in which it operates. Due to the reorganization it completed on December 28, 1996 to formalize its existing operating structure, the Company anticipates realizing a reduction in its state income taxes.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operating activities for the first nine months of 1997 improved to \$22.6 million from \$8.4 million in the same period of 1996. This improvement in cash flow provided by operations was due to an increase in the Company's net earnings, combined with a net decrease in its working capital investment comparing September 27, 1997 and September 28, 1996. A decrease in net working capital investment at September 27, 1997 is primarily due to the timing of payments to vendors at the end of the period. The Company's cash cycle (days

UNIVERSAL FOREST PRODUCTS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS - CONTINUED

sales outstanding plus days supply of inventory less days payable outstanding) increased to 42.7 days for the first nine months of 1997 from 40.7 days compared to the same period of 1996.

Capital expenditures totaled \$9.5 million in the first nine months of 1997, as the Company remains on pace to spend approximately \$13 to \$15 million for the year to replace existing machinery and equipment, upgrade information systems, improve production efficiencies, and expand current production capacity. The Company's largest capital expenditures were made to construct a new wood preservation facility and specialty products plant in Moultrie, Georgia and acquire real estate previously leased from the Company's profit sharing and 401(k) plan.

Cash flows used in financing activities consisted primarily of repayments of long-term debt and payments to repurchase common stock from certain officers of the Company. On September 27, 1997, approximately \$119 million remained available on revolving credit facilities.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

The Company is self-insured for environmental impairment liability, and accrues for the estimated cost of remedial actions when situations requiring such action arise. The Company owns and operates seventeen 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 at the Company's Granger, Indiana; Union City, Georgia; and Elizabeth City, North Carolina wood preservation facilities.

The Company has accrued, in other long-term liabilities, amounts totaling \$1.5 million and \$1.7 million at September 27, 1997 and December 28, 1996, respectively, representing the estimated costs to complete remediation efforts currently in process and those expected to occur in the future. The Company 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. AND SUBSIDIARIES

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Included in this report, and from time to time, certain forward-looking statements may be made by the Company 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. Such forward-looking statements are based on the beliefs of the Company's management as well as on assumptions made by and information currently available to the Company at the time such statements are made. Actual results could differ materially from those included in such forward-looking statements as a result of, among other things, the factors set forth below, the matters included in this report generally and certain economic and business factors, some of 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 lumber products from primary producers. While the Company attempts to minimize its risk from severe price fluctuations, substantial, rapid changes in lumber prices can affect the Company's financial results.

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 within the markets it serves. If the Company's markets do not maintain anticipated growth, or if the Company fails to maintain its market share, financial results could be impaired.

Government Regulations:

The Company is subject to a substantial amount of existing government regulations which create a burden on the Company. Should the Company become subject to additional laws and regulations enacted in the future, or changes in interpretation of existing laws, it could have an adverse affect on the Company's financial results.

UNIVERSAL FOREST PRODUCTS, INC.

PART II. OTHER INFORMATION

Item 2. Changes in Securities.

(a) None.

(b) None.

(c) Sales of equity securities not registered under the Securities Act.

	Date of Sale -----	Class of Stock -----	Number of Shares -----	Purchasers -----	Consideration Exchanged -----
Employee Stock Gift Program	Various	Common	75	Eligible officers and employees	None

UNIVERSAL FOREST PRODUCTS, INC. AND SUBSIDIARIES

SIGNATURE

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

UNIVERSAL FOREST PRODUCTS, INC.

Date: November 12, 1997

By: /s/ William G. Currie

William G. Currie
Its: President and Chief Executive Officer

Date: November 12, 1997

By: /s/ Elizabeth A. Bowman

Elizabeth A. Bowman
Its: Executive Vice President of Finance
and Administration and Treasurer
(Principal Financial Officer)

UNIVERSAL FOREST PRODUCTS, INC. AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit No. -----	Description -----	Page No. -----
27	Financial Data Schedule	20

9-MOS
 DEC-27-1997
 DEC-29-1996
 SEP-27-1997
 11,268,855
 0
 58,427,599
 583,079
 91,728,398
 165,916,647
 111,472,185
 49,332,059
 235,164,124
 65,217,172
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 0
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 17,172,558
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 235,164,124
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 764,669,437
 764,669,437
 45,777,565
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 3,188,226
 27,708,917
 10,212,000
 17,496,917
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 0
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 17,496,917
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