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 2934. FOR FISCAL YEAR ENDED DECEMBER 25, 2004.

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. For the transition period of ____ 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 EAST 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 in the past 90 days.
Yes: [X] No: [ ]

Indicate by checkmark if disclosure of delinquent filers pursuant to Items 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. [ ]

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2).
Yes: [X] No: [ ]

As of June 26, 2004, 17,945,158 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 $446,843,443 computed at the closing price of $30.80 on that date.

As of January 29, 2005, 18,014,518 shares of the registrant's common stock, no par value, were outstanding.

Documents incorporated by reference:

(1) Certain portions of the Company's Annual Report to Shareholders for the fiscal year ended December 25, 2004 are incorporated by reference into Part I and II of this Report.

(2) Certain portions of the Company's Proxy Statement for its 2005 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

Exhibit Index located on page E-1.

ANNUAL REPORT ON FORM 10-K
DECEMBER 25, 2004
TABLE OF CONTENTS

PART I

PART I

ITEM 1. BUSINESS.

GENERAL DEVELOPMENT OF THE BUSINESS.

Universal Forest Products, Inc. was organized as a Michigan corporation in 1955. We engineer, manufacture, treat, distribute and install lumber, composite wood, plastic and other building products to the Do-It-Yourself/retail ("DIY/retail"), site-built construction, manufactured housing, and industrial markets. We currently operate facilities throughout the United States, Canada, and Mexico.

Information relating to current developments in our business is incorporated by reference from our Annual Report to Shareholders for the fiscal year ended December 25, 2004 ("2004 Annual Report") under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." Selected portions of the 2004 Annual Report are filed as Exhibit 13 with this Form 10-K Report.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

Statement of Financial Accounting Standards ("SFAS") No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS 131") defines operating segments 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, our Eastern and Western Divisions may be considered an operating segment of our business. Under SFAS 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. We have aggregated our divisions into one reporting segment, consistent with SFAS 131. Accordingly, separate industry segment information is not presented.

NARRATIVE DESCRIPTION OF BUSINESS.

We presently engineer, manufacture, treat, distribute and install lumber, composite wood, plastic and other building products for the DIY/retail, site-built construction, manufactured housing, and industrial markets. Each of these markets is discussed in the paragraphs which follow.

DIY/Retail Market. The customers comprising this market are primarily national home center retailers, retail-oriented regional lumberyards and contractor-oriented lumberyards. Generally, terms of sale are established for annual periods, and orders are placed with our regional facilities in accordance with established terms. One customer, The Home Depot, accounted for approximately 25% of our total net sales for fiscal 2004, and 30% for 2003 and 2002.

From time to time we enter into certain sales contracts with The Home Depot. The contracts are limited to the establishment of general sales terms and conditions, such as delivery, invoicing, warranties and other standard, commercial matters. Sales are made by the release of purchase orders to us for particular quantities of certain products. We also enter into marketing agreements and rebate agreements with The Home Depot. The marketing agreements provide a certain percentage of our sales revenue or a minimum dollar amount will be committed to generate sales for us and The Home Depot.

We currently supply customers in this market from many of our locations. These regional facilities are able to supply 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 our 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 dimensional lumber (both preserved and unpreserved) and various "value-added products," some of which are sold under our trademarks. In addition to our conventional lumber products, we offer composite wood and plastic products. We also sell engineered wood products to this market, which include roof trusses, wall panels and engineered floor systems (see "Site-Built Construction Market" below).

We are 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. We face 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. We believe the breadth of our product offering, geographic dispersion, close proximity of our plants to core customers, purchasing expertise and service capabilities provide significant competitive advantages in this market.

Site-Built Construction Market. We entered the site-built construction market through strategic business acquisitions beginning in 1997. The residential housing customers comprising this market are primarily large-volume, multi-tract builders and smaller volume custom builders. We also supply builders engaged in multi-family and commercial construction. Generally, terms of sale and pricing are determined based on quotes for each order.

We currently supply customers in this market from many manufacturing facilities located in many different states and Canada. These facilities manufacture various engineered wood components used to frame residential or commercial projects, including roof and floor trusses, wall panels, Open Joist 2000(R), I-joists and lumber packages. Freight costs are a factor in the ability to competitively service this market due to the space requirements of these products on each truckload.

We also provide framing services for customers in certain regional markets, in which we erect the wood structure. We believe that providing a comprehensive framing package, including installation, provides a competitive advantage. Terms of sale are based on a construction contract.

Competitors in this market include regional retail contractor yards who also manufacture components, as well as regional manufacturers of components. Our objective is to continue to increase our manufacturing capacity and framing capabilities for this market while developing a national presence. We believe our primary competitive advantages relate to the engineering and design capabilities of our regional staff, customer relationships, product quality and timeliness of delivery.

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 dimensional 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.

While no competitor operates in as widely-dispersed geographic areas as we do, we face competition from suppliers in many geographic regions. Our principal competitive advantages include our product knowledge, the capacity to supply all of the customer's lumber requirements, the ability to deliver engineering support services, the close proximity of our regional facilities to our customers and our ability to provide national sales programs to certain customers.

Industrial Market. We define our industrial market as industrial manufacturers and agricultural customers who use pallets, specialty 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 us to increase our raw material yields while expanding our business. Competition is fragmented and includes virtually every supplier of lumber convenient to the customer. We service this market with our regional sales personnel supported by a centralized national sales and marketing department.

Suppliers. We are one of the largest domestic buyers of solid sawn lumber from primary producers (lumber mills). We use primarily southern yellow pines in our pressure-treating operations and site-built component plants in the Southeastern United States, which we obtain from mills located throughout the states comprising the Sunbelt. Other species we use include "spruce-pine-fir" from various provinces in Canada; hemlock, Douglas fir and cedar from the Pacific Northwest; inland species of pine, plantation grown radiata and southern yellow pines from South America; and European spruce. There are numerous primary producers for all varieties we use, and we are not dependent on any particular source of supply. Our financial resources, in combination with our strong sales network and ability to remanufacture lumber, enable us to purchase a large percentage of a primary producer's output, (as opposed to only those dimensions or grades in immediate need), thereby lowering our average cost of raw materials. We believe this represents a competitive advantage.

Intellectual Property. We own several patents and have several patents pending on technologies related to our business. In addition, we own numerous registered trademarks and claim common law trademark rights to several others. As we develop proprietary brands, we may pursue registration or other formal protection. While we believe our patent and trademark rights are valuable, the loss of a patent or any trademark would not be likely to have a material adverse impact on our competitive position.

Seasonal Influences. Our 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/retail market have substantial seasonal impacts. The demand for many of our DIY/retail products is highest during the period of April to August. This sales peak, combined with capacity constraints in the wood treatment process, requires us to build our inventory of treated lumber throughout the winter and spring. Because sales prices of treated lumber products may be indexed to the Lumber Market at the time they are shipped, our profits can be negatively affected by prolonged declines in the Lumber Market during our primary selling season. To mitigate this risk, consignment inventory programs are negotiated with certain vendors that are intended to decrease our exposure to the Lumber Market by correlating the purchase price of the material with the related sell price to the customer. These programs include those materials which are most susceptible to adverse changes in the Lumber Market.

Backlog. Due to the nature of our DIY/retail, 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, we would not normally have a backlog of unfilled orders in a material amount. The relationships with our major customers are such that we are 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 we are able to forecast the customer's requirements or the customer may provide an estimate of its future needs. In neither case, however, will we receive firm orders until just prior to the anticipated delivery dates for the products in question.

On December 25, 2004 and December 27, 2003, we estimate that backlog orders associated with the site-built construction business approximated $69.2 million and $76.8 million, respectively. We expect that these orders will be filled within the current fiscal year.

Research and Development. Our research and development efforts 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 our competitive strengths and growth, the dollar amount of research and development expenditures has not typically been material to us.

Environmental. Information required for environmental disclosures is incorporated by reference from Note N of the Consolidated Financial Statements presented under Item 8 herein.

Employees. At January 29, 2005, we had approximately 8,200 employees.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS.

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

AVAILABLE INFORMATION.

Our Internet address is www.ufpi.com. Through our Internet web site under "Financials" in the Investor Relations section, we make available free of charge, as soon as reasonably practical after such information has been filed with the SEC, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act. Also available through our Internet web site under "Corporate Governance" in the Investor Relations section is our Code of Ethics for Senior Financial Officers.

REPORTS TO SECURITY HOLDERS.

Not applicable.

ENFORCEABILITY OF CIVIL LIABILITIES AGAINST FOREIGN PERSONS.

Not applicable.

ITEM 2. PROPERTIES.

Our corporate headquarters building is located in suburban Grand Rapids, Michigan. We currently have 98 facilities located throughout the United States, Canada, and Mexico. Depending upon function and location, these facilities typically utilize office space, manufacturing space, treating space and covered storage.

We own all of our properties, free from any significant mortgage or other encumbrance, except for fourteen regional facilities which are leased. We believe all of these operating facilities are adequate in capacity and condition to service existing customer locations.

ITEM 3. LEGAL PROCEEDINGS.

Information regarding our legal proceedings is set forth in Note N of our Consolidated Financial Statements which are presented under Item 8 of this Form 10-K and are incorporated herein by reference.

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

Not applicable.

ADDITIONAL ITEM: EXECUTIVE OFFICERS OF THE REGISTRANT.

The following table lists the names, ages, and positions of our executive officers as of February 1, 2005. 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
William G. Currie	57	Vice Chair. of the Board and Chief Exec. Officer, Universal Forest Products, Inc.
Michael B. Glenn	53	President and Chief Operating Officer, Universal Forest Products, Inc.
C. Scott Greene	49	President, Universal Forest Products Eastern Division, Inc.
Robert K. Hill	57	President, Universal Forest Products Western Division, Inc.
Robert D. Coleman	50	Executive Vice President Manufacturing, Universal Forest Products, Inc.
Matthew J. Missad	44	Executive Vice President and Secretary, Universal Forest Products, Inc.
Michael R. Cole	38	Chief Financial Officer and Treasurer, Universal Forest Products, Inc.

William G. Currie joined us 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 Universal Forest Products, Inc. in 1993. On January 1, 2000, Mr. Currie also became Vice Chairman of the Board.

Michael B. Glenn has been employed by us since 1974. In June of 1989, Mr. Glenn was elected Senior Vice President of our 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.

C. Scott Greene joined us in February of 1991. In November of 1996 he became General Manager of Operations for our Florida Region, and in January of 1999 became Vice President of Marketing for Universal Forest Products, Inc. During early 2000, Mr. Greene became President of Universal Forest Products Eastern Division, Inc.

Robert K. Hill has been with us since 1986. In March of 1993, Mr. Hill was elected Senior Vice President of our 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.

Robert D. Coleman, has been an employee since 1979. Mr. Coleman was promoted to Senior Vice President of our 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.

Matthew J. Missad has been employed 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.

Michael R. Cole, CPA, CMA, joined us in November of 1993. In January of 1997, Mr. Cole was promoted to Director of Finance, and on January 1, 2000 was made Vice President of Finance. On July 19, 2000, Mr. Cole became Chief Financial Officer.

PART II

The following information items in this Part II, which are contained in the 2004 Annual Report, are specifically incorporated by reference into this Form 10-K Report. These portions of the 2004 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, RELATED SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.

(a) The information relating to market, holders and dividends is incorporated by reference from the 2004 Annual Report under the caption "Price Range of Common Stock and Dividends."

Sales of equity securities in the fourth quarter not registered under the Securities Act:

	Date of Sale	Class of Stock	Number of Shares	Purchasers	Consideration Exchanged
Stock Gift Program	Various	Common	248	Eligible persons	None

(b) Not applicable.

(c) There were no issuer purchases of equity securities during the fourth quarter.

Fiscal Month	(a)	(b)	(c)	(d)
September 26 - October 30, 2004(1)..................				1,550,587
October 31 - November 27, 2004......................				1,550,587
November 28 - December 25, 2004.....................				1,550,587

(a) Total number of shares purchased.

(b) Average price paid per share.

(c) Total number of shares purchased as part of publicly announced plans or programs.

(d) Maximum number of shares that may yet be purchased under the plans or programs.

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(1) On October 21, 1998, the Board of Directors approved a share repurchase program (which succeeded a previous program) allowing us to repurchase up to 1.8 million shares of our common stock. On October 18, 2000 and November 14, 2001, the Board of Directors authorized an additional 1 million shares and 2.5 million shares, respectively, to be repurchased under the program. As of December 25, 2004, cumulative total authorized shares available for repurchase is 1.5 million shares.

ITEM 6. SELECTED FINANCIAL DATA.

The information required by this Item is incorporated by reference from the 2004 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 2004 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.

We are exposed to market risks related to fluctuations in interest rates on our variable rate debt, which consists of a revolving credit facility and industrial development revenue bonds. We do 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. We do 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 we would be required to refinance it.

On December 25, 2004, the estimated fair value of our long-term debt, including the current portion, was $210.1 million, which was $3.0 million greater than the carrying value. The estimated fair value is based on rates anticipated to be available to us 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.

Expected cash flows over the next five years related to debt instruments are as follows:

	2005	2006	2007	2008	2009	Thereafter	Total
($US equivalents, in thousands)							
Long-term Debt:							
Fixed Rate ($US)	$ 21,500			$ 78,500	$ 15,000	$ 40,000	$155,000
Average interest rate	6.69%			6.98%	5.63%	6.16%	
Variable Rate ($US)	$ 533	$ 452	$ 358	$ 2,362	$ 30,129	$ 18,308	$ 52,142
Average interest rate(1)	2.78%						

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(1)Average of rates at December 25, 2004.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this Item is incorporated by reference from the 2004 Annual Report under the following captions:

"Management's Annual Report on Internal Control Over Financial Reporting"
"Report of Independent Registered Public Accounting Firm
on Internal Control Over Financial Reporting"
"Report of Independent Registered Public Accounting Firm"
"Consolidated Balance Sheets"
"Consolidated Statements of Earnings"
"Consolidated Statements of Shareholders' Equity"
"Consolidated Statements of Cash Flows"
"Notes to Consolidated Financial Statements"

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

Not Applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

(1) Evaluation of Disclosure Controls and Procedures. With the participation of management, our chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15e and 15d - 15e) as of the year ended December 25, 2004 (the "Evaluation Date"), have concluded that, as of such date, our disclosure controls and procedures were effective.

(2) Management's Annual Report on Internal Control Over Financial Reporting. Management's Annual Report on Internal Control Over Financial Reporting is included in the 2004 Annual Report under the caption "Management's Annual Report on Internal Control Over Financial Reporting" and is incorporated herein by reference. Our accounting firm's attestation on that Report is also included in the 2004 Annual Report in the caption "Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting" and is incorporated herein by reference.

(3) Changes in Internal Controls. During the fourth quarter ended December 25, 2004, there were no changes in our internal control over financial reporting that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information relating to executive officers is included in this report in the last Section of Part I under the caption "Additional Item: Executive Officers of the Registrant." Information relating to directors and compliance with Section 16(a) of the Securities and Exchange Act of 1934 is incorporated by reference from our definitive Proxy Statement for the year ended December 25, 2004 for the 2005 Annual Meeting of Shareholders, as filed with the Commission ("2005 Proxy Statement"), under the captions "Election of Directors," "Corporate Governance and Board Matters," and "Section 16(a) Beneficial Ownership Reporting Compliance." Information relating to our code of ethics is included in this report in Part I under the caption "Available Information".

ITEM 11. EXECUTIVE COMPENSATION.

Information relating to executive compensation is incorporated by reference from the 2005 Proxy Statement under the caption "Executive Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS.

Information relating to security ownership of certain beneficial owners and management is incorporated by reference from our 2005 Proxy Statement under the captions "Ownership of Common Stock" and "Securities Ownership of Management."

Information relating to securities authorized for issuance under equity compensation plans as of December 25, 2004, is as follows:

	Number of shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans [excluding shares reflected in column (a)]
	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,877,259	$17.42	837,374
Equity compensation plans not approved by security holders	none		

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information relating to certain relationships and related transactions is incorporated by reference from the 2005 Proxy Statement under the captions "Election of Directors" and "Related Party Transactions."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Information relating to the types of services rendered by our Independent Auditors and the fees paid for these services is incorporated by reference from our 2005 Proxy Statement under the caption "Independent Public Accountants."

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) 1. Financial Statements. The following Management's Annual Report, Reports of Independent Registered Public Accounting Firm and Consolidated Financial Statements are incorporated by reference, under Item 8 of this report, from the 2004 Annual Report:

Management's Annual Report on Internal Control Over Financial Reporting
Report of Independent Registered Public Accounting Firm on
Internal Control Over Financial Reporting
Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of December 25, 2004 and December 27, 2003
Consolidated Statements of Earnings for the Years Ended December 25, 2004,
December 27, 2003 and December 28, 2002
Consolidated Statements of Shareholders' Equity for the Years Ended
December 25, 2004, December 27, 2003 and December 28, 2002
Consolidated Statements of Cash Flows for the Years Ended
December 25, 2004, December 27, 2003 and December 28, 2002
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 included in this Form 10-K Report.

(b) Reference is made to the Exhibit Index which is included in this Form 10-K Report.

(c) Not applicable.

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 10, 2005

UNIVERSAL FOREST PRODUCTS, INC.

By: /s/ William G. Currie

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

and

/s/ Michael R. Cole

MICHAEL R. COLE, CHIEF FINANCIAL OFFICER AND TREASURER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 10th day of March, 2005, by the following persons on behalf of us and in the capacities indicated.

Each Director 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, 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/ William G. Currie
PETER F. SECCHIA, DIRECTOR	WILLIAM G. CURRIE, DIRECTOR
/s/ Dan M. Dutton	/s/ John M. Engler
DAN M. DUTTON, DIRECTOR	JOHN M. ENGLER, DIRECTOR
/s/ John W. Garside	/s/ Gary F. Goode
JOHN W. GARSIDE, DIRECTOR	GARY F. GOODE, DIRECTOR
/s/ Mark A. Murray	/s/ Philip M. Novell
MARK A. MURRAY, DIRECTOR	PHILIP M. NOVELL, DIRECTOR
/s/ Louis A. Smith	
LOUIS A. SMITH, DIRECTOR	

EXHIBIT INDEX

Exhibit #		Description
3	Articles of Incorporation and Bylaws.	
	(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.
	(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	Instruments Defining the Rights of Security Holders.	
	(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.
	(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.
	(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 4(b)(4) to a Form 10-K Annual Report for the fiscal year ended December 26, 1998.
10	Material Contracts.	
	(a)	Form of Conditional Share Grant Agreement utilized under the Company's Long Term Stock Incentive Plan, was filed as Exhibit 10(a) to a Form 10-Q Quarterly Report for the quarter ended September 25, 2004.
	(a)(2)	Redemption Agreement with Peter F. Secchia, dated January 2, 2002, was filed as Exhibit 10(a)(2) to a Form 10-K, Annual Report for the year ended December 29, 2001 and the same is incorporated herein by reference.
	*(a)(3)	Consulting Agreement with Peter F. Secchia, dated December 31, 2002, and Assignment dated January 1, 2003 was filed as Exhibit 10(a)(3) to a Form 10-K, Annual Report for the year ended December 28, 2002 and the same is incorporated herein by reference.

*(a)(4) Nondisclosure and Non-Compete Agreement with Peter F. Secchia, dated December 31, 2002 was filed as Exhibit 10(a)(4) to a Form 10-K, Annual Report for the year ended December 28, 2002 and the same is incorporated herein by reference.

*(a)(5) Conditional Share Grant Agreement with William G. Currie dated April 17, 2002 was filed as Exhibit 10(a)(5) to a Form 10-K, Annual Report for the year ended December 28, 2002 and the same is incorporated herein by reference.

(a)(6) Form of Conditional Share Grant Agreement utilized under the Company's Long Term Stock Incentive Plan, was filed as Exhibit 10(a) to a Form 10-Q Quarterly Report for the quarter ended September 25, 2004.

(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.

*(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.

*(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.

*(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.

(i)(2) Series 2002-A, Revolving Credit Agreement dated November 25, 2002 was filed as Exhibit 10(i)(2) to a Form 10-K Annual Report for the year ended December 28, 2002.

(i)(3) First Amendment dated September 18, 2003 relating to Series 2002-A, Revolving Credit Agreement dated November 25, 2002 was filed as Exhibit 10(i)(3) to a Form 10-Q Quarterly Report for the quarter ended September 27, 2003.

(i)(4) Series 2004-A, Credit Agreement dated December 20, 2004 was filed as Exhibit 10(i) to a Form 8-K Current Report dated December 21, 2004.

(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.

(j)(2) Series 2002-A, Senior Note Agreement dated December 18, 2002 was filed as Exhibit 10(j)(2) to a Form 10-K Annual Report for the year ended December 28, 2002.

(k)(1) Program for Accounts Receivable Transfer ("PARTS") Agreement dated September 22, 2003 was filed as Exhibit 10(k)(1) to a Form 10-Q Quarterly Report for the quarter ended September 27, 2003.

(k)(2) Deposit Account Control Agreement dated September 22, 2003, completed pursuant to the PARTS Agreement, was filed as Exhibit 10(k)(2) to a Form 10-Q, Quarterly Report for the quarter ended September 27, 2003.

(k)(3) Program for Accounts Receivable Transfer ("PARTS") Agreement dated November 12, 2004 was filed as Exhibit 10(k) to a Form 8-K Current Report dated November 15, 2004.

13 Selected portions of the Company's Annual Report to Shareholders for the fiscal year ended December 25, 2004.

14 Code of Ethics for Senior Financial Officers

(a) Code of Ethics for Chief Financial Officer

(b) Code of Ethics for Vice President of Accounting and Administration.

21 Subsidiaries of the Registrant.

23 Consent of Ernst & Young LLP.

31 Certifications.

(a) Certificate of the Chief Executive Officer of Universal Forest Products, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

(b) Certificate of the Chief Financial Officer of Universal Forest Products, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

32 Certifications.

(a) Certificate of the Chief Executive Officer of Universal Forest Products, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

(b) Certificate of the Chief Financial Officer of Universal Forest Products, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

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* Indicates a compensatory arrangement.

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UNIVERSAL FOREST PRODUCTS, INC.
FINANCIAL INFORMATION

TABLE OF CONTENTS

SELECTED FINANCIAL DATA

(In thousands, except per share and statistics data)

	2004	2003	2002	2001	2000
CONSOLIDATED STATEMENT OF EARNINGS DATA					
Net sales(1)	$2,453,281	$1,898,830	$1,639,899	$1,530,353	$1,387,130
Gross profit(1)	296,253	257,986	230,410	211,479	187,013
Earnings before income taxes, minority interest and equity in earnings of investee	83,059	65,792	62,115	54,300	50,375
Net earnings(3)	48,603	40,119	36,637	33,142	30,438
Diluted earnings per share(3)	$ 2.59	$ 2.18	$ 1.97	$ 1.63	$ 1.49
Dividends per share	$ 0.100	$ 0.095	$ 0.090	$ 0.085	$ 0.080
Weighted average shares outstanding with common stock equivalents	18,771	18,379	18,619	20,377	20,477
CONSOLIDATED BALANCE SHEET DATA					
Working capital(4)	$ 222,618	$ 190,400	$ 185,256	$ 124,071	$ 120,321
Total assets	762,360	686,931	638,874	551,209	485,320
Total debt and capital lease obligations(2)	207,142	213,186	243,572	212,187	160,860
Shareholders' equity	356,769	305,104	264,804	232,416	237,148
STATISTICS					
Gross profit as a percentage of net sales(1)	12.1%	13.6%	14.1%	13.8%	13.5%
Net earnings as a percentage of net sales(3)	2.0%	2.1%	2.2%	2.2%	2.2%
Return on beginning equity(5)	15.9%	15.2%	13.6%	14.0%	14.1%
Current ratio	2.21	2.33	2.64	2.12	2.50
Debt to equity ratio(2)	0.58	0.70	0.92	0.91	0.68
Book value per common share(6)	$ 19.82	$ 17.13	$ 14.93	$ 13.07	$ 12.03

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(1) In 2001, we reclassified customer rebate expense from cost of goods sold to include it in net sales. Prior year amounts have been reclassified.

(2) Includes $36 million classified as temporary shareholders' equity in 2001 associated with a share redemption we completed in January 2002.

(3) In 2002, we adopted SFAS 142 and as a result we no longer recognize amortization expense associated with goodwill.

(4) Current assets less current liabilities.

(5) Net earnings divided by beginning shareholders' equity (including temporary shareholders' equity).

(6) Shareholders' equity divided by common stock outstanding.

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

We advise you to read the issues discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in conjunction with our Consolidated Financial Statements and the Notes to the Consolidated Financial Statements included in this Annual Report for the year ended December 25, 2004. We are pleased to present this overview of 2004.

OVERVIEW

We are pleased to report strong results for 2004, which was highlighted by:

- - Our sales growth in the site-built construction, industrial, and manufactured housing markets as we increased our market share in each. Our unit sales to the do-it-yourself/retail ("DIY/retail") market declined due to a decline in consumer demand for our products as a result of higher consumer sale prices. Higher lumber and chemical costs, combined with an increase in some of our customers' gross margin requirements, contributed to the higher sale prices being observed by consumers.

- - Our increase in shipments to the manufactured housing market. While Housing and Urban Development ("HUD") code industry production remained flat, we increased our shipments to modular producers.

- - Higher lumber prices which elevated our sales dollars and required a greater investment in working capital. Our sales increased 29.2% for the year, and we estimate that 18% of this increase was due to higher selling prices caused primarily by higher lumber and chemical costs.

- - A fire that destroyed our site-built construction truss plant in Thorndale, Ontario in the second quarter. Although we maintained our service to customers by moving the work to other plants in the United States, transportation costs and operating inefficiencies resulted in greater costs in the second, third, and fourth quarters. We recognized a gain on insurance settlement totaling approximately $1.4 million in the fourth quarter associated with this fire. Income taxes totaling approximately $451,000 were recorded as a result of this gain.

- - Enhanced profitability in spite of our decline in unit sales to the DIY/retail market, poor performance of a framing venture operating in the western United States, and the temporary loss of operations at our Thorndale, Ontario plant. The 21.1% increase in net earnings we achieved surpassed our 11% increase in unit sales. Factors contributing to improved profitability this year include the effect of rising lumber prices in the second and third quarters on products we inventory and whose selling prices are tied to the Lumber Market; strong margins on products sold to the industrial market; inefficiencies experienced in 2003 as a result of converting to a new preservative in the third and fourth quarters of that year; the insurance settlement; and gains from the sale of certain real estate.

We also made the following accomplishments as our people remain focused on executing our growth strategy:

- - We completed the sale of our interest in Nascor Incorporated as we continue to stay focused on investing our resources in areas that help us best achieve our goals.

- - We acquired plants in Indianapolis, IN and Dallas, TX during the first quarter. These plants manufacture engineered wood components and distribute other building materials for site-built construction.

- - We started two new plants in 2004 in Berlin, NJ and Tecate, MX, which will primarily supply engineered wood components for site-built construction.

- - We acquired a 50% interest in Shawnlee Construction LLC ("Shawnlee") on April 2, 2004. Shawnlee is the largest framer for the multi-family construction market in the Massachusetts area. This acquisition allows us to capitalize on customer requests for turn-key construction packages by supplying framing labor through Shawnlee and engineered wood components from our existing plants in the Northeast.

In summary, we remain optimistic about the future of our business, markets, and strategies, and our employees remain focused on adding value for our customers, executing our strategies, and meeting our goals.

RISK FACTORS

WE ARE SUBJECT TO FLUCTUATIONS IN THE PRICE OF LUMBER. We experience significant fluctuations in the cost of commodity lumber products from primary producers (the "Lumber Market"). A variety of factors over which we have no control, including government regulations, environmental regulations, weather conditions, economic conditions, and natural disasters, impact the cost of lumber products and our selling prices. While we attempt to minimize our risk from severe price fluctuations, substantial, prolonged trends in lumber prices can negatively affect our sales volume, our gross margins, and our profitability. We anticipate that these fluctuations will continue in the future.

OUR GROWTH MAY BE LIMITED BY THE MARKETS WE SERVE. Our sales growth is dependent, in part, upon the growth of the markets we serve. If our markets do not achieve anticipated growth, or if we fail to maintain our market share, financial results could be impaired.

Our 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, our financial results could be negatively impacted.

We are witnessing consolidation by our customers in each of the markets we serve. These consolidations will result in a larger portion of our sales being made to some customers and may limit the customer base we are able to serve.

A SIGNIFICANT PORTION OF OUR SALES ARE CONCENTRATED WITH ONE CUSTOMER. Our sales to The Home Depot comprised 25% of our total sales in 2004, down from 30% for 2003.

OUR GROWTH MAY BE LIMITED BY OUR ABILITY TO MAKE SUCCESSFUL ACQUISITIONS. A key component of our growth strategy is to complete business combinations. Business combinations involve inherent risks, including assimilation and successfully managing growth. While we conduct extensive due diligence and have taken steps to ensure successful assimilation, factors beyond our control could influence the results of these acquisitions.

WE MAY BE ADVERSELY AFFECTED BY THE IMPACT OF ENVIRONMENTAL AND SAFETY REGULATIONS. We are subject to the requirements of federal, state, and local environmental and occupational health and safety laws and regulations. There can be no assurance that we are at all times in complete compliance with all of these requirements. We have made and will continue to make capital and other expenditures to comply with environmental regulations. If additional laws and regulations are enacted in the future, which restrict our ability to manufacture and market our products, including our treated lumber products, it could adversely affect our sales and profits. If existing laws are interpreted differently, it could also increase our financial costs. Several states have proposed legislation to limit the uses and disposal of Chromated Copper Arsenic ("CCA") treated lumber. (See Note N to the Consolidated Financial Statements.)

SEASONALITY AND WEATHER CONDITIONS COULD ADVERSELY AFFECT US. Some aspects of our business are seasonal in nature and results of operations vary from quarter to quarter. Our 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 (see "Historical Lumber Prices"). Treated lumber sales are generally at their highest levels between April and August. This sales peak, combined with capacity constraints in the wood treatment process, requires us to build our inventory of treated lumber throughout the winter and spring. (This also has an impact on our receivables balances, which tend to be significantly higher at the end of the second and third quarters.) Because sales prices of treated lumber products may be indexed to the Lumber Market at the time they are shipped, our profits can be negatively affected by prolonged declines in the Lumber Market during our primary selling season. To mitigate this risk, consignment inventory programs are negotiated with certain vendors that are intended to decrease our exposure to the Lumber Market by correlating the purchase price of the material with the related sell price to the customer. These programs include those materials which are most susceptible to adverse changes in the Lumber Market.

The majority of our products are used or installed in outdoor construction activities; therefore, short-term sales volume, our gross margins, and our profits can be negatively affected by adverse weather conditions, particularly in our first and fourth quarters. In addition, adverse weather conditions can negatively impact our productivity and costs per unit.

WE CONVERTED TO A NEW PRESERVATIVE TO TREAT OUR PRODUCTS. The manufacturers of CCA preservative voluntarily discontinued the registration of CCA for certain residential applications as of December 31, 2003. As a result, all of our wood preservation facilities have been converted to an alternate preservative, either Amine Copper Quaternary (ACQ) or borates. The cost of ACQ is more than four times higher than the cost of CCA. We estimate the new preservative has increased the cost and sales price of our treated products by approximately 10% to 15%. While we believe treated products are reasonably priced relative to alternative products such as composites or vinyl, consumer acceptance may be impacted which would in turn affect our future operating results.

MARKET CONDITIONS FOR THE SUPPLY OF CERTAIN LUMBER PRODUCTS AND INBOUND TRANSPORTATION MAY BE LIMITED. These conditions, which occur on occasion, have resulted in difficulties procuring desired quantities and receiving orders on a timely basis for all industry participants. We are not certain how these conditions may impact our short-term sales volumes and profitability. However, we attempt to mitigate the risks of these conditions by:

- Our pricing practices (see "Impact of the Lumber Market on Our Operating Results");

- Leveraging our size with mill and transportation suppliers to ensure they achieve supply and service requirements;

- - Increasing our utilization of consigned inventory programs with mills; and

- - Expanding our supply base of dedicated carriers.

When analyzing this report to assess our future performance, please recognize the potential impact of the various factors set forth above.

HISTORICAL LUMBER PRICES

The following table presents the Random Lengths framing lumber composite price for the years ended December 25, 2004, December 27, 2003, and December 28, 2002.

RANDOM LENGTHS COMPOSITE AVERAGE $/MBF	2004	2003	2002
January	$341	$278	$297
February	376	295	317
March	382	277	339
April	431	283	323
May	456	278	312
June	423	303	302
July	426	302	306
August	473	336	291
September	441	375	279
October	378	325	274
November	355	338	265
December	376	327	271
Annual average	$405	$310	$298
Annual percentage change	30.6%	4.0%	(5.1%)

In addition, a SYP composite price, which we prepare and use, is presented below. Sales of products produced using this species comprise up to 50% of our sales volume.

RANDOM LENGTHS SYP AVERAGE $/MBF	2004	2003	2002
January	$410	$387	$410
February	436	394	434
March	487	392	464
April	532	410	457
May	535	385	408
June	498	384	383
July	479	374	409
August	503	398	375
September	473	437	361
October	429	390	357
November	394	410	354
December	408	401	375
Annual average	$465	$397	$399
Annual percentage change	17.1%	(0.5%)	(3.4%)

IMPACT OF THE LUMBER MARKET ON OUR OPERATING PROFITS

We generally price our products to pass lumber costs through to our customers so our profitability is based on the value-added manufacturing, distribution, engineering, and other services we provide. As a result, our sales levels (and working capital requirements) are impacted by the lumber costs of our products. Lumber costs generally comprise up to 70% of our cost of goods sold.

Our gross margins are impacted by both (1) the relative level of the Lumber Market (i.e. whether prices are higher or lower from comparative periods), and (2) the trend in the market price of lumber (i.e. whether the price of lumber is increasing or decreasing within a period or from period to period). Moreover, as explained below, our products are priced differently. Some of our products have fixed selling prices, while the selling prices of other products are indexed to the reported Lumber Market with a fixed dollar adder to cover conversion costs and profits. Consequently, the level and trend of the Lumber Market impact our products differently.

Below is a general description of the primary ways in which our products are priced.

- - Products with fixed selling prices. These products include value-added products such as decking and fencing sold to DIY/retail customers, as well as trusses, wall panels, and other components sold to the site-built construction market, and most industrial packaging products. Prices for these products are generally fixed at the time of the sales quotation for a specified period of time or are based upon a specific quantity. In order to maintain margins and reduce any exposure to adverse trends in the price of component lumber products, we attempt to lock in costs for these sales commitments with our suppliers. Also, the time period and quantity limitations generally allow us to re-price our products for changes in lumber costs from our suppliers.

- - Products with selling prices indexed to the reported Lumber Market with a fixed dollar "adder" to cover conversion costs and profits. These products primarily include treated lumber, remanufactured lumber, and trusses sold to the manufactured housing industry. For these products, we estimate the customers' needs and carry anticipated levels of inventory. Because lumber costs are incurred in advance of final sale prices, subsequent increases or decreases in the market price of lumber impact our gross margins. For these products, our margins are exposed to changes in the trend of lumber prices.

Changes in the trend of lumber prices have their greatest impact on the following products:

- - Products with significant inventory levels and low turnover rates, whose selling prices are indexed to the Lumber Market. This would include treated lumber, which comprises almost twenty-five percent of our total sales. In other words, the longer the period of time these products remain in inventory, the greater the exposure to changes in the price of lumber. This exposure is less significant with remanufactured lumber, trusses sold to the manufactured housing market, and other similar products, due to the higher rate of inventory turnover. We attempt to mitigate the risk associated with treated lumber through vendor consignment inventory programs. (See "Risk Factors -- Seasonality and weather conditions could adversely affect us.")

- - Products with fixed selling prices sold under long-term supply arrangements, particularly those involving multi-family construction projects. We attempt to mitigate this risk through our purchasing practices by locking in costs.

In addition to the impact of Lumber Market trends on gross margins, changes in the level of the market cause fluctuations in gross margins when comparing operating results from period to period. This is explained in the following example, which assumes the price of lumber has increased from period one to period two, with no changes in the trend within each period.

	PERIOD 1	PERIOD 2
Lumber cost	$300	$400
Conversion cost	50	50
= Product cost	350	450
Adder	50	50
= Sell price	$400	$500
Gross margin	12.5%	10.0%

As is apparent from the preceding example, the level of lumber prices does not impact our overall profits but does impact our margins. Gross margins are negatively impacted during periods of high lumber prices; conversely, we experience margin improvement when lumber prices are relatively low.

BUSINESS COMBINATIONS AND ASSET PURCHASES

All of the transactions mentioned below are considered business combinations, except for the purchase of the treating plants from Quality Wood Treating Co., Inc. ("Quality") on August 26, 2003 and the purchase of assets from Inno-Tech Plastics, Inc. ("Inno-Tech") on April 10, 2002. See Note B to the Consolidated Financial Statements for further details. Each business combination has been accounted for using the purchase method.

COMPANY NAME	ACQUISITION DATE	BUSINESS DESCRIPTION
Shawnlee Construction, LLC..........................	April 2, 2004	Provides framing services for multi-family construction in the Northeast. Located in Plainville, MA.
Slaughter Industries ("Slaughter")...................	March 15, 2004	Distributes lumber products and manufactures engineered wood components for site-built construction. Located in Dallas, TX.
Midwest Building Systems, Inc. ("Midwest")...........	January 30, 2004	One facility in Indianapolis, IN which manufactures engineered wood components for site-built construction.
D&L Framing, LLC ("D&L").............................	August 28, 2003	Framing operation for multi-family construction located in Las Vegas, NV.
Norpac Construction LLC ("Norpac")...................	June 4, 2003	Concrete framer for multi-family construction located in Las Vegas, NV.
Quality Wood Treating Co., Inc.	November 4, 2002 August 26, 2003	One facility in Prairie du Chien, WI which produces EverX(R) composite decking. We also entered into an exclusive treating services agreement with Quality. On August 26, 2003, we canceled the treating services agreement and purchased two treating facilities in Lansing, MI and Janesville, WI and our subsidiary agreed to lease the real estate of a third treating facility in White Bear Lake, MN.
J.S. Building Products, Inc.	September 9, 2002	One facility in Modesto, CA, which manufactures engineered roof trusses for the site-built construction market.
Inno-Tech Plastics, Inc.	April 10, 2002	One facility in Springfield, IL which manufactures "wood alternative" products. We entered into an exclusive licensing agreement and acquired certain assets.
Pinelli-Universal S. de R.L. de C.V. ("Pinelli").....	January 15, 2002	One facility in Durango, Durango, Mexico which manufactures molding and millwork products. We purchased an additional 5% interest.

RESULTS OF OPERATIONS

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

	YEARS ENDED		
	DECEMBER 25, 2004	DECEMBER 27, 2003	DECEMBER 28, 2002
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	87.9	86.4	85.9
Gross profit	12.1	13.6	14.1
Selling, general and administrative expenses	8.2	9.4	9.7
Gain on insurance settlement	(0.0)		
Earnings from operations	3.9	4.2	4.4
Interest, net	(0.6)	(0.7)	(0.7)
Net gain on sale of real estate and interest in subsidiary	0.1	0.0	0.1
Earnings before income taxes and minority interest	3.4	3.5	3.8
Income taxes	1.3	1.3	1.4
Earnings before minority interest	2.1	2.2	2.4
Minority interest	(0.1)	(0.1)	(0.2)
Net earnings	2.0%	2.1%	2.2%

NET SALES

We engineer, manufacture, treat, distribute, and install lumber, composite wood, plastic, and other building products for the DIY/retail, site-built construction, manufactured housing, and industrial markets. Our strategic sales objectives include:

- - Diversifying our end market sales mix by increasing sales of specialty wood packaging to industrial users and engineered wood components and framing services to the site-built construction market. Engineered wood components include roof trusses, wall panels, and floor systems.

- - Increasing sales of "value-added" products and framing services. Value-added product sales consist of fencing, decking, lattice, and other specialty products sold to the DIY/retail market, specialty wood packaging, engineered wood components, and "wood alternative" products. Wood alternative products consist primarily of composite wood and plastics. Although we consider 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 unit sales growth while achieving return on investment goals.

The following table presents, for the periods indicated, our net sales (in thousands) and change in net sales by market classification.

	YEARS ENDED				
MARKET CLASSIFICATION	DECEMBER 25, 2004	% CHANGE	DECEMBER 27, 2003	% CHANGE	DECEMBER 28, 2002
DIY/retail	$ 981,576	9.0	$ 900,150	18.5	$ 759,439
Site-Built Construction	631,676	56.7	403,201	23.3	326,962
Manufactured Housing	385,326	36.6	282,139	(3.7)	293,070
Industrial	454,703	45.1	313,340	20.3	260,428
Total	$2,453,281		$1,898,830		$1,639,899

Note: During 2004, we reviewed our customer lists and made certain reclassifications. Historical information has been restated to reflect these reclassifications.

The following table presents estimates, for the periods indicated, of our 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
2004 versus 2003	+29%	+18%	+11%
2003 versus 2002	+16%	+3%	+13%
2002 versus 2001	+7%	-2%	+9%

We estimate that our 2004 unit sales increased by 11%, while overall selling prices increased by 18%. Overall selling prices primarily increased as a result of the Lumber Market and higher preservative prices (ACQ). Our pricing practices are designed to pass these costs along to our customers. See "Impact of the Lumber Market on Our Operating Results." We estimate that our unit sales increased by 6% as a result of business combinations and new plants, while our unit sales out of existing facilities increased by 7% in 2004. Plant closures and the sale of our interest in Nascor Incorporated caused our unit sales to decrease by 2% in 2004.

Our increase in unit sales in 2003 was due to business combinations, a new joint venture framing operation in the western United States, and an exclusive treating services agreement completed in the fourth quarter of 2002. Unit sales out of our existing facilities increased by 6% in 2003. The increase in selling prices was primarily attributable to a slight increase in the Lumber Market.

Changes in our sales by market are discussed below.

DIY/RETAIL:

We have developed strong relationships with national retail customers due to our ability to provide quality products and a high level of service at competitive prices. The most significant is our longstanding relationship with The Home Depot, which comprised 25% of our total sales and 61% of our DIY/retail sales in 2004.

Net sales to the DIY/retail market increased 9% in 2004 compared to 2003, primarily due to the higher Lumber Market and preservative prices. Our unit sales declined 7% comparing the two periods, which we believe was due to a decline in demand as a result of higher product costs for consumers. An increase in consumer costs can be traced primarily to higher lumber and preservative prices, combined with higher gross margin requirements of some of our customers. Hurricanes and poor weather in certain areas of the country also contributed to the decline in unit sales during our second and third quarters.

Net sales to the DIY/retail market increased 19% in 2003 compared to 2002, primarily due to acquiring a plant that manufactures composite decking (EverX(R)) and entering into an exclusive treating services agreement with Quality. Our organic sales growth out of existing facilities was approximately 11% due to new opportunities with an existing customer and an increase in the number of our customers' stores. In addition, we began providing installation services for some of our products.

SITE-BUILT CONSTRUCTION:

Net sales to the site-built construction market increased 57% in 2004 compared to 2003, despite the sale of our interest in Nascor Incorporated. This increase primarily resulted from acquisitions (see "Business Combinations and Asset Purchases") and new plants opened since last year and unit sales growth out of existing plants totaling approximately 26%. Factors contributing to increased unit sales out of existing plants include strong housing and multi-family construction activities, particularly in southern California and Las Vegas, and greater market penetration by offering turn-key framing and lumber packages, in addition to engineered wood components, in some regions. In addition, we estimate the Lumber Market caused our selling prices to increase 13% in 2004.

Net sales to the site-built construction market increased 23% in 2003 compared to 2002 primarily due to acquisitions completed after the third quarter of 2002, a new joint venture framing operation in the western United States, and organic sales growth spread over several existing plants totaling approximately 14%. The ability of some of our plants to offer framing services in addition to engineered component sales allowed these plants to capture additional market share from existing customers, which contributed to our organic sales growth.

MANUFACTURED HOUSING:

Net sales to the manufactured housing market increased 37% in 2004 compared to 2003. This increase resulted primarily from an estimated 26% increase in selling prices combined with an 11% increase in units shipped. Our increase in selling prices was primarily due to the higher Lumber Market and a change in sales mix toward more complex trusses that require greater engineering and manufacturing costs. Although industry production for HUD code homes remained flat for the year, we continued to increase our shipments to modular home producers.

Net sales to the manufactured housing market decreased 4% in 2003 compared to 2002 primarily due to a 23% decline in industry shipments. We improved our market share as a result of new product initiatives and increasing our sales to modular home producers.

INDUSTRIAL:

Net sales to industrial customers increased 45% in 2004 compared to 2003. This increase resulted from a combination of unit sales increases out of several existing facilities totaling approximately 25%, combined with higher selling prices due to the Lumber Market. We believe our unit sales and market share continue to grow significantly due to our dedicated local sales teams and national sales support efforts, combined with our competitive advantages in manufacturing, purchasing, and material utilization.

Net sales to industrial customers increased 20% in 2003 compared to 2002 due to unit increases out of several existing facilities as a result of executing our internal growth strategy. Additional sales personnel, training, and equipment have been dedicated to this market.

VALUE-ADDED AND COMMODITY-BASED SALES:

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

	VALUE-ADDED	COMMODITY-BASED
2004	50.7%	49.3%
2003	51.1%	48.9%
2002	50.8%	49.2%

Value-added sales increased 28% in 2004 compared to 2003, primarily due to increased sales of engineered wood components, turn-key framing, EverX(R) (composite decking), industrial packaging products and other specialty products supplied to the DIY/retail market. Commodity-based sales increased 30% primarily due to the higher Lumber Market, higher preservative prices and an increase in unit sales. Therefore, our decline in value-added sales as a percentage of total sales was primarily due to the significant impact of the Lumber Market on selling prices of commodity-based products.

The increase in our ratio of value-added sales to total sales in 2003 compared to 2002 was primarily due to a 17% increase in value-added sales while commodity-based sales increased by 15%. Value-added sales increased primarily due to increased unit sales of trusses sold to the site-built construction market, new framing operations, EverX(R) (composite decking), and specialty products supplied to the DIY/retail market. Commodity-based sales increased due to increased unit sales of plywood and the exclusive treating services agreement completed with Quality in the fourth quarter of 2002.

COST OF GOODS SOLD AND GROSS PROFIT

Gross profit as a percentage of net sales decreased in 2004 compared to 2003. Generally, a higher Lumber Market results in a decrease in our gross margin because we attempt to price our products to earn a fixed profit per unit. (See "Impact of the Lumber Market on our Operating Results.") Therefore, a more meaningful analysis of profitability is a comparison of the change in gross profit dollars compared to our change in units shipped. Our gross profit dollars increased by almost 15% in 2004, while units shipped increased by 11%. Our improved profitability was primarily due to the effect of rising lumber prices in the second and third quarters on products we inventory and whose selling prices are tied to the Lumber Market and improved profitability on sales to the industrial market. In addition, many of our treating facilities began converting to a new preservative in the third quarter of 2003 and experienced inefficiencies in that year. These positive effects more than offset the operating inefficiencies we experienced from the fire at our plant in Thorndale, Ontario and poor results from one of our multi-family framing subsidiaries in the western United States.

In the third quarter of 2004, one of our multi-family framing subsidiaries in the western United States began two new projects which are expected to be completed by the third quarter of 2005. Based on the nature of these projects, calculating precise estimates is difficult except to determine we will not recognize a loss. Accordingly, total estimated gross profit on these projects range from breakeven to a gross profit of approximately $1.3 million. We have used the low end of the range while utilizing the percentage of completion method of accounting. If we had used the high end of the range, our gross profits for 2004 would have been approximately $780,000 higher for the year.

Gross profit as a percentage of net sales decreased in 2003 compared to 2002 and our gross profit dollars increased by almost 12%, while units shipped increased by 13%. We believe this slight shortfall in gross profit dollars was due in part to operating inefficiencies resulting from inclement first quarter weather and the conversion to ACQ, which began in the third quarter of 2003.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative expenses ("SG&A") as a percentage of net sales decreased to 8.2% in 2004 compared to 9.4% in 2003, primarily due to the impact of the Lumber Market on our selling prices. SG&A expenses increased 13.2% in 2004, which compares unfavorably with our 11% increase in unit sales. This increase was primarily due to an increase in bad debt expense, greater incentive compensation resulting from growth in operating profits and a higher return on investment, greater health care costs, and new compliance costs associated with certain regulatory changes. The dollar increase in SG&A was also impacted by business combinations and an increase in personnel to support growth in our business.

SG&A as a percentage of net sales decreased to 9.4% in 2003 compared to 9.7% in 2002, primarily due to the impact of the Lumber Market on our selling prices. Our 12.4% increase in SG&A for the year was slightly lower than our 13% increase in units shipped. The dollar increase in SG&A was primarily due to business combinations and new operations, combined with higher compensation costs resulting from more personnel to support growth in our business, an increase in health care and legal costs, and greater incentive compensation resulting from growth in operating profits and a higher return on investment. These increases were offset somewhat by a decline in bad debt expense as our trend of accounts receivable write-offs improved.

GAIN ON INSURANCE SETTLEMENT

In April 2004, our plant in Thorndale, Ontario was destroyed by a fire. In accordance with Financial Interpretation No. ("FIN") 30, Accounting for Involuntary Conversions of Non-Monetary Assets to Monetary Assets, we have written off the net book value of the destroyed inventory and property totaling $3.6 million. The insured value of the property exceeded its net book value by approximately $1.4 million, which was recorded as a gain on insurance settlement. As of December 25, 2004, we have collected $2.0 million of insurance proceeds. The remaining insurance receivable totals approximately $3.0 million and is recorded in other current assets.

INTEREST, NET

Net interest costs were slightly higher in 2004 compared to 2003. The increase was due to a slight increase in our average debt balance and an increase in interest rates on our variable rate debt in 2004.

Net interest costs were higher in 2003 compared to 2002. The increase was due to an average debt balance that was $13.6 million higher in 2003, combined with an increase in our average borrowing rates as a result of issuing $55 million of long-term unsecured notes payable in December 2002. The proceeds from the note issuance were used to reduce amounts outstanding under our revolving credit facility which bears interest at a lower rate.

NET GAIN ON SALE OF REAL ESTATE AND INTEREST IN SUBSIDIARY

We entered into the following transactions in 2004:

- - In January 2004, we sold our 60% ownership in Nascor Incorporated, a Calgary, Alberta-based manufacturer of engineered wood components and licensor of I-joist manufacturing technology. The total sales price we collected was $4.7 million and we recorded a pre-tax accounting loss of approximately $193,000.

- - In March 2004, we sold a plant in Bend, OR and recognized a pre-tax gain of approximately $562,000 on the sale in the first quarter and an additional $207,000 in the second quarter as we collected the note receivable issued to us on the sale.

- - In June 2004, we sold a plant in Modesto, CA and recognized a pre-tax gain of approximately $368,000.

- - In December 2004, we sold real estate in Elkhart, IN and Thornton, CA and recognized a net pre-tax gain of $426,000.

In May 2002, we sold our corporate airplane and recognized a gain of approximately $1.1 million on the sale, and entered into an operating lease for a replacement airplane.

INCOME TAXES

Effective tax rates differ from statutory federal income tax rates, primarily due to provisions for state and local income taxes and permanent tax differences.

Our effective tax rate increased to 37.9% in 2004 compared 37.0% in 2003 primarily due to income taxes totaling approximately $0.3 million associated with the sale of our interest in Nascor and an increase in state income taxes as a result of certain tax credits received in 2003.

While our effective tax rate was 37.0% in 2003 and 2002, we experienced the following fluctuations between the periods:

- Our state and local effective tax rate decreased in 2003 as a result of state income tax credits received.

- A reduction in the earnings of certain minority owned entities we consolidate.

OFF-BALANCE SHEET TRANSACTIONS AND CONTRACTUAL OBLIGATIONS

We have no significant off-balance sheet transactions other than operating leases. The following table summarizes our contractual obligations as of December 25, 2004 (in thousands).

	PAYMENTS DUE BY PERIOD				
CONTRACTUAL OBLIGATION	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	AFTER 5 YEARS	TOTAL
Long-term debt	$22,033	$ 810	$125,991	$58,308	$207,142
Operating leases	10,672	13,549	5,167	318	29,706
Capital project purchase obligations	3,097				3,097
Total	$35,802	$14,359	$131,158	$58,626	$239,945

As of December 25, 2004, we also had $34.6 million in outstanding letters of credit issued during the normal course of business, as required by some vendor contracts.

LIQUIDITY AND CAPITAL RESOURCES

The table below presents, for the periods indicated, a summary of our cash flow statement (in thousands):

	2004	2003	2002
Cash from operating activities	$ 50,234	$ 70,375	$ 20,796
Cash from investing activities	(37,256)	(33,999)	(48,859)
Cash from financing activities	(5,134)	(36,480)	22,710
Net change in cash and cash equivalents	7,844	(104)	(5,353)
Cash and cash equivalents, beginning of year	17,430	17,534	22,887
Cash and cash equivalents, end of year	$ 25,274	$ 17,430	$ 17,534

In general, we financed our growth in the past through a combination of operating cash flows, our revolving credit facility, industrial development bonds (when circumstances permit), and issuances of long-term notes payable at times when interest rates are favorable. We have not issued equity to finance growth except in the case of a large acquisition. We manage our capital structure by attempting to maintain a targeted ratio of debt to equity and debt to operating cash flow. We believe this is one of many important factors to maintaining a strong credit profile, which in turn helps ensure timely access to capital when needed.

Seasonality has a significant impact on our working capital from March to August which generally results in negative or modest cash flows from operations in our first and second quarters. Conversely, we experience a substantial decrease in working capital from September to February which results in significant cash flow from operations in our third and fourth quarters.

Due to the seasonality of our business and the effects of the Lumber Market, we believe our cash cycle (days sales outstanding plus days supply of inventory less days payables outstanding) is a good indicator of our working capital management. Our cash cycle remained at 47 days (without the sale of receivables program) in 2004 and 2003. Our accounts receivable cycle increased slightly in 2004, but was offset by a decrease in our days supply of inventory.

Cash flows from operating activities decreased by over $20 million in 2004 compared to 2003, despite an increase in net earnings and non-cash expenses totaling approximately $13.0 million, due to factors affecting our investment in working capital. The following factors caused a decline in our operating cash flow:

- Inventory increased at a higher rate from 2003 to 2004 than it did from 2002 to 2003. We carried higher than normal inventory levels at the end of 2002 due to a combination of poor weather and opportunistic buying by our purchasing offices due to the low Lumber Market at that time. Since a portion of our seasonal investment in inventory occurred earlier than normal (at the end of 2002 instead of the first quarter of 2003), this had the effect of increasing our operating cash flows in 2003.

- Accounts payable increased at a lower rate from 2003 to 2004 than it did from 2002 to 2003, primarily due to the timing of payments at the end of each year. At the end of 2004, checks issued but not presented to our bank for payment (classified as accounts payable in our balance sheet) totaled approximately $17.2 million compared to $30.5 million at the end of 2003. In addition, our payables cycle decreased slightly comparing the fourth quarter of 2004 with the fourth quarter of 2003.

These factors were partially offset by the following:

- Accounts receivable increased at a lower rate from 2003 to 2004 than it did from 2002 to 2003, primarily due to slight timing differences in the receipt of deposits at the end of each year. Our days sales outstanding comparing the fourth quarter of 2004 with the fourth quarter of 2003 was flat.

- Accrued liabilities increased at a higher rate from 2003 to 2004 than it did from 2002 to 2003, primarily due to greater increases in accrued bonuses, accrued wages, and billings in excess of cost and earnings associated with framing services on construction contracts.

Cash used for investing activities increased by approximately $3 million in 2004 compared to 2003 as we spent approximately $10.1 on business acquisitions and collected $4.7 million from the sale of our interest in Nascor Incorporated. Our capital expenditures totaled $40.7 million in 2004, compared to $40.6 million in 2003, including approximately $6.5 million spent to rebuild our plant in Thorndale, Ontario. As of December 25, 2004, we received approximately $2.0 million of insurance proceeds related to this fire and expect to receive an additional $3.0 million in 2005.

Our cash flows used for financing activities decreased approximately $31 million in 2004 compared to 2003. In 2003, our goal was to reduce our leverage and repay obligations on our revolving credit facility that accumulated in 2002 as a result of several business combinations and repurchases of our common stock.

On December 25, 2004, we had $29.1 million outstanding on our $250 million revolving credit facility. The revolving credit facility supports letters of credit totaling approximately $32.2 million on December 25, 2004. Financial covenants on the unsecured revolving credit facility and unsecured notes include a minimum net worth requirement, minimum interest coverage tests, and a maximum leverage ratio. The agreements also restrict the amount of additional indebtedness we may incur and the amount of assets which may be sold. We were within all of our lending requirements on December 25, 2004.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

See Note N to the Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES

In preparing our consolidated financial statements, we follow accounting principles generally accepted in the United States. These principles require us to make certain estimates and apply judgments that affect our financial position and results of operations. We continually review our accounting policies and financial information disclosures. Following is a summary of our more significant accounting policies that require the use of estimates and judgments in preparing the financial statements.

ACCOUNTS RECEIVABLE ALLOWANCES

We record provisions against gross revenues for estimated returns and cash discounts in the period when the related revenue is recorded. These estimates are based on factors that include, but are not limited to, historical discounts taken, analysis of credit memorandum activity, and customer demand. We also evaluate the allowance for uncollectible accounts receivable and discounts based on historical collection experience and specific identification of other potential problems, including the economic climate. Actual collections can differ, requiring adjustments to the allowances.

SELF-INSURANCE RESERVES

We are primarily self-insured for general liability, automobile, workers' compensation, and certain employee health benefits. We are fully self-insured for environmental liabilities. The general liability, automobile, workers' compensation, and environmental liabilities are managed through a wholly-owned insurance captive; the related assets and liabilities are included in the consolidated financial statements as of December 25, 2004. Our accounting policies with respect to the reserves are as follows:

- General liability, automobile, and workers' compensation reserves are accrued based on third party actuarial valuations of the expected future liabilities.

- - Health benefits are self-insured by us up to our pre-determined stop loss limits. These reserves, including incurred but not reported claims, are based on internal computations. These computations consider our historical claims experience, independent statistics, and trends.

- The environmental reserve is based on known remediation activities at certain wood preservation facilities and the potential for undetected environmental matters at other sites. The reserve for known activities is based on expected future costs and is computed by in-house experts responsible for managing our monitoring and remediation activities. (See "Environmental Considerations and Regulations.")

REVENUE RECOGNITION ON CONSTRUCTION CONTRACTS

Earnings on construction contracts are reflected in operations either by the percentage-of-completion method or completed contract method depending on the nature of the business at individual operations. Under the percentage-of-completion method, revenues and related earnings on construction contracts are measured by the relationships of actual costs incurred related to the total estimated costs. Revisions in earnings estimates on the construction contracts are recorded in the accounting period in which the basis for such revisions becomes known. Projected losses on individual contracts are charged to operations in their entirety when such losses become apparent. Under the completed contract method, revenues and related earnings are recorded when the contracted work is complete and losses are charged to operations in their entirety when such losses become apparent.

LONG-LIVED ASSETS AND GOODWILL

We evaluate long-lived assets for indicators of impairment when events or circumstances indicate that this risk may be present. Our judgments regarding the existence of impairment are based on market conditions, operational performance and estimated future cash flows. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded to adjust the asset to its fair value. In addition, we test goodwill for impairment by utilizing the discounted cash flow method.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note A to the Consolidated Financial Statements.

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, together with information available to us 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 our control. Investors are cautioned that all forward-looking statements involve risks and uncertainty.

"BUILDING IT FORWARD 2007"

In 2002, we announced our goals for growth and diversification entitled "Building it Forward 2007." The goals call for us to:

- Grow our sales by $1 billion while continuing to diversify our markets, primarily by growing our market share of products we manufacture for the industrial and site-built construction markets.

- Improve our cash cycle by 10%.

- Earn a return on capital exceeding our cost of capital.

We believe that we must complete several business acquisitions in order to achieve these goals and expect that acquisitions may comprise up to 50% of our targeted growth.

In line with the goals for growth stated above, we have targeted unit sales growth of 7% to 12% and net earnings growth of 10% to 15% for 2005. Our net earnings growth target adjusts results for 2004 to exclude the gain on insurance settlement and related income taxes, and excludes the impact of adopting FASB Statement No. 123, as revised, which we are required to do beginning in the third quarter of 2005.

DIY/RETAIL MARKET

The Home Improvement Research Institute forecasts an increase in home improvement product sales of 3.5% in 2005. A slower pace of growth is forecasted primarily as a result of an expectation of higher interest rates, partially offset by a higher level of home ownership and an increase in the age of housing stock, which both lead to increased remodeling expenditures.

In 2005, we expect to feel continued downward pressure on our unit sales primarily due to our sales strategy with respect to our largest customer. On a long-term basis, it is our goal to achieve modest sales growth by:

- Maintaining our market share on sales of value-added wood products and preservative-treated products as a result of our national presence, service capabilities that meet stringent customer requirements, diversified product offering, and purchasing leverage.

- Increasing our sales of wood alternative products such as a composite wood decking, which continues to take market share from preservative-treated products. Although we expect this trend to continue to some extent, we believe wood products will continue to maintain a dominant market share for the foreseeable future as a result of its cost advantages over wood alternative products.

- Developing new value-added products and services for this market.

- Adding capacity through strategic business acquisitions.

SITE-BUILT CONSTRUCTION MARKET

The National Association of Home Builders forecasts a 3.4% decline in housing starts resulting from an anticipated increase in long-term interest rates. The effect of rising interest rates may be mitigated somewhat by favorable demographic trends and improving economic conditions.

In 2005, we anticipate strong growth in our sales to the site-built construction market primarily as a result of business acquisitions and new plants completed in 2004 that will be owned for a full year in 2005 and modest organic growth out of existing facilities. We anticipate that this growth will be offset somewhat by a decline in sales from certain framing operations in the western United States.

On a long-term basis, we believe the sale of engineered wood components will continue to grow because of the benefits these products provide builders over traditional carpentry methods employed on the job site, including cost advantages through more efficient labor, and consolidation toward large production-oriented builders, which tend to prefer the use of engineered products and who desire suppliers with a national presence.

We expect that business acquisitions will play a major role in our future growth in this market. In addition, we believe the trend whereby customers prefer to purchase a combination of components and framing services will continue. Therefore, our acquisition strategy includes targeted markets for framing operations.

MANUFACTURED HOUSING MARKET

The Manufactured Housing Institute forecasts a 6.0% increase in shipments of HUD code homes in 2005 as a result of continued improvement in lending conditions, consumer confidence in new installation standards, and an increase in demand for multi-section homes. It is our goal to maintain our current market share of trusses produced for this market, which is currently estimated at 70%.

Sales of modular homes are expected to increase 10% in 2005 as a result of more developers adopting the controlled building environment of modular construction as a method of cost control. In addition, these consumers are expected to experience more favorable lending rates compared to HUD code homes. We believe we will maintain our current market share of trusses produced for this market as a result of new products we have recently developed that enable modular homes to more closely resemble site-built construction and our existing business relationships with traditional HUD code builders which now produce over 30% of the modular homes in the United States.

INDUSTRIAL MARKET

One of our key strategic objectives is to increase our sales of wood packaging products to industrial users. We believe the vast amount of hardwood and softwood lumber consumed for industrial applications, combined with the highly fragmented nature of this market provides us with significant growth opportunities as a result of our competitive cost advantages in manufacturing, purchasing, and material utilization. To take advantage of these opportunities, we plan to continue to obtain market share through an internal growth strategy utilizing our current manufacturing capabilities and dedicated industrial sales force. On a long-term basis, we plan to evaluate strategic acquisition opportunities.

GROSS PROFIT

We believe the following factors may impact our gross profits in the future:

- - We have a long-term goal of continuing to increase our ratio of value-added sales to total sales, which in turn should increase gross margins. Our acquisition and internal sales growth strategies will help us continue to make progress toward this objective, including our goal of increasing our market share of products we manufacture for the industrial and site-built construction markets. However, achievement of this goal is dependent, in part, upon certain factors that are beyond our control.

- Our ability to increase sales and maintain gross margins on products sold to our largest customers. We believe our level of service, geographic diversity, and quality of products provide an added value to our customers. If our customers are unwilling to pay for the additional services, our sales and gross margins may be reduced.

- Fluctuations in the relative level of the Lumber Market and the trend in the market price of lumber impact our gross margins. (See "Impact of the Lumber Market on Our Operating Results.")

- Improved results from framing operations in the western United States.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

SG&A costs have increased at a rate greater than our unit sales in recent years due, in part, to acquisitions of engineered wood component manufacturers, which have extensive engineering and design costs, and our growth in sales to the industrial market. SG&A costs as a percentage of sales may continue to increase in the future as sales of engineered wood components and specialty wood packaging become a greater percentage of our total business. However, we strive to achieve economies of scale in other administrative departments as sales growth objectives are met.

LIQUIDITY AND CAPITAL RESOURCES

Our cash cycle will continue to be impacted in the future by our growth in sales to the site-built construction and industrial markets. Sales to these markets requires a greater investment in working capital (inventory and accounts receivable) than our sales to the DIY/retail and manufactured housing markets.

Management expects to spend approximately $41 million on capital expenditures in 2005 and incur depreciation and amortization of approximately $33 million. Besides "maintenance" capital expenditures totaling approximately $31 million, we plan to spend an additional $10 million to expand the business. On December 25, 2004, we had outstanding purchase commitments on capital projects of approximately $3.1 million.

We have no present intention to change our dividend policy, which is currently $.050 per share paid semi-annually.

Our Board of Directors has approved a share repurchase program under which we have authorization to buy back approximately 1.5 million shares as of December 25, 2004. In the past, we have repurchased shares in order to offset the effect of issuances resulting from our employee benefit plans and at times when our stock price falls to a pre-determined level.

We are obligated to pay amounts due on long-term debt totaling approximately $22.0 million in 2005.

We have a $250 million unsecured revolving credit facility used to support certain outstanding letters of credit and fund seasonal working capital requirements and growth. We believe our peak seasonal working capital requirements may consume up to $110 million of this availability through June of 2005 and then decrease for the balance of the year in line with historical trends.

We plan to finance our capital requirements for the year through operating cash flows, the use of our sale of receivables program, and use of our revolving credit facility.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Universal Forest Products, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to us and the board of directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

We assessed the effectiveness of our internal control over financial reporting as of December 25, 2004. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control -- Integrated Framework. Based on our assessment, management has concluded that as of December 25, 2004, our internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our independent registered public accounting firm, Ernst & Young LLP, has issued an audit report on management's assessment of our internal control over financial reporting. Their report immediately follows our report.

Universal Forest Products, Inc.
February 25, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Shareholders of Universal Forest Products, Inc.

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that Universal Forest Products, Inc. and subsidiaries maintained effective internal control over financial reporting as of December 25, 2004, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Universal Forest Products, Inc. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Universal Forest Products, Inc. and subsidiaries maintained effective internal control over financial reporting as of December 25, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Universal Forest Products, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 25, 2004, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Universal Forest Products, Inc. and subsidiaries as of December 25, 2004 and December 27, 2003, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended December 25, 2004 of Universal Forest Products, Inc. and subsidiaries and our report dated February 25, 2005 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG
Grand Rapids, Michigan
February 25, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Universal Forest Products, Inc.

We have audited the accompanying consolidated balance sheets of Universal Forest Products, Inc. and subsidiaries as of December 25, 2004 and December 27, 2003, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended December 25, 2004. 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 the standards of the Public Company Accounting Oversight Board (United States). 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, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Universal Forest Products, Inc. and subsidiaries at December 25, 2004 and December 27, 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 25, 2004, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Universal Forest Products, Inc. and subsidiaries' internal control over financial reporting as of December 25, 2004, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2005 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG
Grand Rapids, Michigan
February 25, 2005

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

DECEMBER 25, DECEMBER 27, 2004 2003 -----------------------
---- ASSETS CURRENT ASSETS: Cash and cash
equivalents.................................. $ 25,274 $
17,430 Accounts receivable,
net................................ 151,811 137,660
Inventories: Raw
materials...
116,104 83,064 Finished
goods... 96,817
86,497 --------- --------- 212,921 169,561 Other current
assets.................................... 9,515 4,324
Prepaid income taxes...................................
3,501 3,290 Deferred income
taxes................................... 3,461 1,832 ----
----- --------- TOTAL CURRENT
ASSETS.................................. 406,483 334,097
OTHER
ASSETS...
7,952 6,811
GOODWILL...
123,845 125,028 OTHER INTANGIBLE ASSETS,
NET.............................. 7,807 6,791 PROPERTY,
PLANT AND EQUIPMENT: Land and
improvements................................... 52,648
51,942 Building and
improvements................................ 123,004
120,001 Machinery, equipment and office
furniture................. 183,055 177,525 Construction in
progress................................ 21,925 11,900 --
------- --------- 380,632 361,368 Less accumulated
depreciation and amortization............ (164,359)
(147,164) --------- --------- PROPERTY, PLANT AND
EQUIPMENT, NET..................... 216,273 214,204 ------
--- --------- TOTAL
ASSETS... $
762,360 $ 686,931 ========= ========= LIABILITIES AND
SHAREHOLDERS' EQUITY CURRENT LIABILITIES: Short-term
debt... $ 1,726
Accounts payable.......................................
$ 87,399 81,687 Accrued liabilities: Compensation and
benefits............................. 58,151 47,150
Other..
16,282 6,723 Current portion of long-term debt and capital
lease
obligations..
22,033 6,411 --------- --------- TOTAL CURRENT
LIABILITIES............................. 183,865 143,697
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current
portion..
185,109 205,049 DEFERRED INCOME
TAXES..................................... 18,476 15,984
MINORITY
INTEREST.. 8,265
7,780 OTHER
LIABILITIES...
9,876 9,317 --------- --------- TOTAL
LIABILITIES...................................... 405,591
381,827 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 18,002,255 and
17,813,564........ 18,002 17,814 Additional paid-in
capital............................... 89,269 85,189
Deferred stock compensation.............................
3,423 2,447 Deferred stock compensation rabbi
trust.................. (1,331) (615) Retained
earnings....................................... 247,427
200,745 Accumulated other comprehensive
earnings.................. 1,525 1,396 --------- ---------
358,315 306,976 Employee stock notes
receivable......................... (1,546) (1,872) -----
---- --------- TOTAL SHAREHOLDERS'
EQUITY............................ 356,769 305,104 ------
--- --------- TOTAL LIABILITIES AND SHAREHOLDERS'
EQUITY.................. $ 762,360 $ 686,931 =========
=========

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)

	YEAR ENDED DECEMBER 25, 2004	YEAR ENDED DECEMBER 27, 2003	YEAR ENDED DECEMBER 28, 2002
NET SALES	$2,453,281	$1,898,830	$1,639,899
COST OF GOODS SOLD	2,157,028	1,640,844	1,409,489
GROSS PROFIT	296,253	257,986	230,410
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	201,335	177,824	158,299
GAIN ON INSURANCE SETTLEMENT	(1,391)		
EARNINGS FROM OPERATIONS	96,309	80,162	72,111
OTHER EXPENSE (INCOME):			
Interest expense	14,904	14,589	11,375
Interest income	(284)	(219)	(297)
Net gain on sale of real estate and interest in subsidiary	(1,370)		(1,082)
	13,250	14,370	9,996
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	83,059	65,792	62,115
INCOME TAXES	31,462	24,325	22,983
EARNINGS BEFORE MINORITY INTEREST	51,597	41,467	39,132
MINORITY INTEREST	(2,994)	(1,348)	(2,495)
NET EARNINGS	$ 48,603	$ 40,119	$ 36,637
EARNINGS PER SHARE -- BASIC	$ 2.70	$ 2.26	$ 2.04
EARNINGS PER SHARE -- DILUTED	$ 2.59	$ 2.18	$ 1.97
WEIGHTED AVERAGE SHARES OUTSTANDING	18,032	17,761	17,922
WEIGHTED AVERAGE SHARES OUTSTANDING WITH COMMON STOCK EQUIVALENTS	18,771	18,379	18,619

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except share and per share data)
DEFERRED ACCUMULATED ADDITIONAL
DEFERRED COMPENSATION OTHER
EMPLOYEES COMMON PAID-IN STOCK
RABBI RETAINED COMPREHENSIVE STOCK
NOTES STOCK CAPITAL COMPENSATION
TRUST EARNINGS EARNINGS RECEIVABLE

--------------------- BALANCE AT
DECEMBER 29, 2001.......... $17,788
$80,994 $1,554 $ 0 $132,677 $ 558
$(1,155) Comprehensive earnings:
Net
earnings........................
36,637 Foreign currency translation
adjustment.......................
(259) Total comprehensive
earnings........ Cash dividends --
$.090 per share..... (1,605)
Issuance of 133,125 shares under
employee stock
plans................ 133 710
Issuance of 2,497 shares under
stock grant
programs...................... 3 51
Issuance of 5,380 shares under
deferred compensation
plan.......... 5 74 Repurchase of
199,435 shares.......... (199)
(3,488) Tax benefits from non-
qualified stock options
exercised................... 22
Deferred stock
compensation........... 250
Issuance of employee stock notes
receivable..........................
12 288 (300) Payments received on
employee stock notes
receivable.................... 54 -
------ ------- ------ ------- -----
--- ------ ------- BALANCE AT
DECEMBER 28, 2002.......... $17,742
$82,139 $1,804 $ 0 $164,221 $ 299
$(1,401) Comprehensive earnings:
Net
earnings........................
40,119 Foreign currency translation
adjustment.......................
1,097 Total comprehensive
earnings........ Cash dividends --
$.095 per share..... (1,689)
Issuance of 89,753 shares under
employee stock
plans................ 90 1,191
Issuance of 10,153 shares under
stock grant
programs..................... 10
174 Issuance of 37,678 shares under
deferred compensation
plan.......... 38 609 615 (615)
Repurchase of 123,234
shares.......... (123) (1,906) Tax
benefits from non-qualified stock
options
exercised................... 246
Deferred stock
compensation........... 28 Issuance
of employee stock notes
receivable..........................
57 830 (887) Payments received on
employee stock notes
receivable.................... 416
------- ------- ------ ------- ----
---- ------ ------- BALANCE AT
DECEMBER 27, 2003.......... $17,814
$85,189 $2,447 $ (615) $200,745
$1,396 $(1,872) Comprehensive
earnings: Net
earnings........................
48,603 Foreign currency translation

adjustment........................
129 Total comprehensive
earnings........ Cash dividends --
$.10 per share...... (1,796)
Issuance of 165,982 shares under
employee stock
plans............... 165 2,695
Issuance of 4,036 shares under
stock grant
programs...................... 4
127 Issuance of 22,528 shares under
deferred compensation
plan.......... 23 695 716 (716)
Repurchase of 4,050
shares............ (4) (125) Tax
benefits from non-qualified stock
options
exercised................... 557
Deferred stock
compensation........... 260
Issuance of employee stock notes
receivable.........................
6 (6) Payments received on employee
stock notes
receivable.................... 332
------- ------- ------ ------- ----
---- ------ ------- BALANCE AT
DECEMBER 25, 2004.......... $18,002
$89,269 $3,423 $(1,331) $247,427
$1,525 $(1,546)
TOTAL -------- BALANCE AT DECEMBER
29, 2001.......... $232,416
Comprehensive earnings: Net
earnings........................
Foreign currency translation
adjustment........................
Total comprehensive
earnings........ 36,378 Cash
dividends -- $.090 per share.....
(1,605) Issuance of 133,125 shares
under employee stock
plans................ 843 Issuance
of 2,497 shares under stock grant
programs..................... 54
Issuance of 5,380 shares under
deferred compensation
plan.......... 79 Repurchase of
199,435 shares.......... (3,687)
Tax benefits from non-qualified
stock options
exercised.................. 22
Deferred stock
compensation........... 250
Issuance of employee stock notes
receivable.........................
0 Payments received on employee
stock notes
receivable................... 54 -
------- BALANCE AT DECEMBER 28,
2002.......... $264,804
Comprehensive earnings: Net
earnings........................
Foreign currency translation
adjustment........................
Total comprehensive
earnings........ 41,216 Cash
dividends -- $.095 per share.....
(1,689) Issuance of 89,753 shares
under employee stock
plans................ 1,281
Issuance of 10,153 shares under
stock grant
programs...................... 184
Issuance of 37,678 shares under
deferred compensation
plan.......... 647 Repurchase of
123,234 shares.......... (2,029)
Tax benefits from non-qualified
stock options
exercised................... 246
Deferred stock
compensation........... 28 Issuance
of employee stock notes
receivable.........................
0 Payments received on employee
stock notes

receivable.................... 416
-------- BALANCE AT DECEMBER 27,
2003.......... $305,104
Comprehensive earnings: Net
earnings.........................
Foreign currency translation
adjustment........................
Total comprehensive
earnings........ 48,732 Cash
dividends -- $.10 per share......
(1,796) Issuance of 165,982 shares
under employee stock
plans................ 2,860
Issuance of 4,036 shares under
stock grant
programs...................... 131
Issuance of 22,528 shares under
deferred compensation
plan.......... 718 Repurchase of
4,050 shares............ (129) Tax
benefits from non-qualified stock
options
exercised................... 557
Deferred stock
compensation........... 260
Issuance of employee stock notes
receivable..........................
0 Payments received on employee
stock notes
receivable.................... 332
-------- BALANCE AT DECEMBER 25,
2004.......... $356,769

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

YEAR ENDED --
DECEMBER 25, DECEMBER 27, DECEMBER 28, 2004 2003 2002 -
-- CASH FLOWS
FROM OPERATING ACTIVITIES: Net
earnings...
$ 48,603 $ 40,119 $ 36,637 Adjustments to reconcile net
earnings to net cash from operating activities:
Depreciation...
28,453 25,638 23,371 Amortization of
intangibles........................... 2,383 1,588
1,003 Deferred income
taxes................................. 790 1,746
3,102 Minority
interest..................................... 2,994
1,348 2,495 Loss on sale of interest in
subsidiary................. 193 Gain on insurance
settlement.......................... (1,391) Net
(gain)/loss on sale or impairment of property, plant
and equipment..
(710) 1,050 702 Changes in: Accounts
receivable...................................
(16,107) (32,074) (16,489)
Inventories..
(42,817) (3,555) (40,780) Accounts
payable...................................... 7,371
23,476 9,638 Accrued liabilities and
other......................... 20,472 11,039 1,117 --
------ -------- -------- NET CASH FROM OPERATING
ACTIVITIES.................. 50,234 70,375 20,796 CASH
FLOWS FROM INVESTING ACTIVITIES: Purchase of property,
plant and equipment................ (40,722) (40,578)
(31,295) Purchase of licensing
agreements......................... (150) (2,000)
Acquisitions, net of cash
received....................... (10,075) (787)
(17,540) Proceeds from sale of interest in
subsidiary............. 4,679 Proceeds from sale of
property, plant, and equipment...... 5,226 6,221 2,862
Advances on notes
receivable............................ (308)
Collection of notes
receivable.......................... 2,560 461 965
Restricted cash
equivalents............................. 1,383
(1,383) Insurance
proceeds...................................... 2,000
Other assets,
net...................................... (616)
(549) (468) -------- -------- -------- NET CASH FROM
INVESTING ACTIVITIES.................. (37,256)
(33,999) (48,859) CASH FLOWS FROM FINANCING ACTIVITIES:
Net borrowings/(repayments) of short-term debt and
revolving credit
facilities........................... 1,223 (27,070)
14,286 Proceeds from issuance of long-term
debt.................. 58,700 Repayment of long-term
debt............................ (6,392) (6,140)
(8,482) Proceeds from issuance of common
stock................... 2,860 1,281 843 Distributions
to minority shareholder.................... (1,123)
(833) (1,345) Dividends paid to
shareholders.......................... (1,796)
(1,689) (1,605) Repurchase of common stock and
temporary equity........... (129) (2,029) (39,687)
Other,
net.. 223
-------- -------- -------- NET CASH FROM FINANCING
ACTIVITIES.................. (5,134) (36,480) 22,710 --
------ -------- -------- NET CHANGE IN CASH AND CASH
EQUIVALENTS.................... 7,844 (104) (5,353)
CASH AND CASH EQUIVALENTS, BEGINNING OF
YEAR................ 17,430 17,534 22,887 -------- ----
---- -------- CASH AND CASH EQUIVALENTS, END OF
YEAR...................... $ 25,274 $ 17,430 $ 17,534
======== ======== ======== SUPPLEMENTAL SCHEDULE OF
CASH FLOW INFORMATION: Cash paid during the year for:
Interest...
$ 15,087 $ 14,651 $ 11,388 Income
taxes..
29,181 19,884 22,827 NON-CASH OPERATING ACTIVITIES:

Non-compete agreements with Chairman of the Board in exchange for future payments........................... 856 Note receivable in exchange for property, plant and equipment.. 1,455 NON-CASH INVESTING ACTIVITIES: Note receivable exchanged for management fees to former subsidiary... 520 Property, plant and equipment acquired through capital leases... 2,110 Stock acquired through employees' stock notes receivable... 6 887 300 NON-CASH FINANCING ACTIVITIES: Note payable exchanged for non-compete.................... 2,069

See notes to consolidated financial statements.

UNIVERSAL FOREST PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

We engineer, manufacture, treat, distribute, and install lumber, composite wood, plastic, and other building products for the do-it-yourself/retail ("DIY/retail"), site-built construction, manufactured housing, and industrial markets. Our principal products include preservative-treated wood, remanufactured lumber, lattice, fence panels, deck components, specialty packaging, engineered trusses, wall panels, and other building products.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include our accounts and those of our wholly-owned and majority-owned subsidiaries and partnerships. In addition, we consolidate 50% owned entities over which we exercise control. Intercompany transactions and balances have been eliminated. The equity method of accounting is used for less than 50% owned affiliates over which we have significant influence.

INVESTMENT IN AFFILIATE

On December 18, 1998, one of our subsidiaries acquired a 45% interest in Pino Exporta, and renamed it to Pinelli Universal S. de R.L. de C.V. ("Pinelli"), a manufacturer of moldings and millwork products. Pinelli operates out of one facility in Durango, Durango, Mexico. We exchanged $3.0 million for our initial ownership interest in Pinelli, and accounted for our investment utilizing the equity method of accounting. In addition, we retained an option to acquire an additional 5% interest in Pinelli for $1.0 million. This option was extended and exercised on January 15, 2002. As a result of this transaction, we obtained additional rights of control and thus began consolidating the results of Pinelli in the 2002 consolidated financial statements. (See Note B.)

MINORITY INTEREST IN SUBSIDIARIES

Minority interest in results of operations of consolidated subsidiaries represents the minority shareholders' share of the income or loss of various consolidated subsidiaries. The minority interest reflects the original investment by these minority shareholders combined with their proportional share of the earnings or losses of these subsidiaries, net of distributions paid.

FISCAL YEAR

Our fiscal year is a 52 or 53 week period, ending on the last Saturday of December. Unless otherwise stated, references to 2004, 2003, and 2002 relate to the fiscal years ended December 25, 2004, December 27, 2003, and December 28, 2002, respectively. Fiscal years 2004, 2003, and 2002 were each comprised of 52 weeks.

FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

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

The fair value estimates presented herein are based on pertinent information available to management as of December 25, 2004. Although we are 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.

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. Cash equivalents totaled approximately $15.4 million and $9.6 million as of December 25, 2004 and December 27, 2003, respectively.

As a result of our cash management system, checks issued but not presented to our bank for payment create negative cash balances. These negative balances are included in accounts payable and accrued liabilities and totaled $19.0 million and $30.5 million as of December 25, 2004 and December 27, 2003, respectively.

ACCOUNTS RECEIVABLE

We perform periodic credit evaluations of our customers and generally do not require collateral. Accounts receivable are due under a range of terms we offer to our customers. Discounts are offered as an incentive for early payment.

INVENTORIES

Inventories are stated at the lower of average cost or market. The cost of inventories includes raw materials, direct labor, and manufacturing overhead. Cost is determined on a first-in, first-out (FIFO) basis. 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. Amortization of assets held under capital leases is included in depreciation and amortized over the shorter of the estimated useful life of the asset or the lease term. 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, equipment and office furniture..................	3 to 10 years

FOREIGN CURRENCY TRANSLATION

Our foreign operations use the local currency as their functional currency. Accordingly, assets and liabilities are translated at exchange rates as of the balance sheet date and revenues and expenses are translated using weighted average rates, with translation adjustments included as a separate component of shareholders' equity. The net realized gain or loss on foreign currency transactions were not material in any year presented.

SELF-INSURANCE RESERVES

We are primarily self-insured for certain employee health benefits, and have self-funded retentions for general liability, automobile liability, and workers' compensation. We are fully self-insured for environmental liabilities. The general liability, automobile liability, workers' compensation, and environmental liabilities are managed through a wholly-owned insurance captive; the related assets and liabilities of which are included in the consolidated financial statements as of December 25, 2004. Through the captive we are responsible for general liability claims up to $2 million per occurrence and $4 million in aggregate; for automobile claims up to $1 million per occurrence; and for workers' compensation claims up to $1 million per accident or disease. We have purchased excess liability over our general liability, automobile liability, workers' compensation, and employer's liability up to $100 million per occurrence and in aggregate. Our policy is to accrue amounts equal to actuarially determined or internally computed liabilities. The actuarial and internal valuations are based on historical information along with certain assumptions about future events. Changes in assumptions for such matters as legal actions, medical cost trends, and changes in claims experience could cause these estimates to change in the future.

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. 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 ACCOUNTS RECEIVABLE ALLOWANCES

Revenue is recognized at the time the product is shipped to the customer. Generally, title passes at the time of shipment. In certain circumstances, the customer takes title when the shipment arrives at the destination. However, our shipping process is typically completed the same day.

Earnings on construction contracts are reflected in operations either by the percentage-of-completion method or completed contract method depending on the nature of the business at individual operations. Under the percentage-of-completion method, revenues and related earnings on construction contracts are measured by the relationships of actual costs incurred related to the total estimated costs. Revisions in earnings estimates on the construction contracts are recorded in the accounting period in which the basis for such revisions become known. Projected losses on individual contracts are charged to operations in their entirety when such losses become apparent. Under the completed contract method, revenues and related earnings are recorded when the contracted work is complete and losses are charged to operations in their entirety when such losses become apparent.

The following table presents the balances of percentage-of-completion accounts on December 25, 2004 and December 27, 2003 which are included in other current assets and other current liabilities, respectively (in thousands):

	2004	2003
Cost and Earnings in Excess of Billings.....................	$2,803	$2,174
Billings in Excess of Cost and Earnings.....................	2,517	885

We base our allowances related to receivables on historical credit and collections experience, and the specific identification of other potential problems, including the economic climate. Actual collections can differ, requiring adjustments to the allowances. 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.

The following table presents the activity in our accounts receivable allowances (in thousands):

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	UNCOLLECTIBLE ACCOUNTS WRITTEN OFF	RECOVERY OF AMOUNTS PREVIOUSLY WRITTEN OFF (NET)(1)	BALANCE AT END OF PERIOD
Year Ended December 25, 2004: Allowance for possible losses on accounts receivable......	$1,891	$24,126	($23,796)	$722	$2,943
Year Ended December 27, 2003: Allowance for possible losses on accounts receivable......	2,427	17,817	(18,694)	341	1,891
Year Ended December 28, 2002: Allowance for possible losses on accounts receivable......	1,803	17,500	(16,981)	105	2,427

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(1) Includes effects of foreign currency translation.

We record estimated sales returns, discounts, and other applicable adjustments as a reduction of net sales in the same period revenue is recognized.

SHIPPING AND HANDLING OF PRODUCT

Shipping and handling costs that are charged to and reimbursed by the customer are recognized as revenue. Costs incurred related to the shipment and handling of products are classified in cost of goods sold.

EARNINGS PER 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 (see Note I) 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):

	2004			2003			2002		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
NET EARNINGS..............	$48,603			$40,119			$36,637		
EPS -- BASIC Income available to common stockholders............	48,603	18,032	$2.70	40,119	17,761	$2.26	36,637	17,922	$2.04
EFFECT OF DILUTIVE SECURITIES Options...................		739			618			697	
EPS -- DILUTED Income available to common stockholders and assumed options exercised.......	$48,603	18,771	$2.59	$40,119	18,379	$2.18	$36,637	18,619	$1.97

Options to purchase 15,000 shares of common stock at an exercise price of $36.01 were outstanding as of December 25, 2004, 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.

Options to purchase 295,000 shares of common stock at exercise prices ranging from $22.88 to $36.01 were outstanding as of December 27, 2003, 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.

Options to purchase 749,771 shares of common stock at exercise prices ranging from $21.84 to $36.01 were outstanding as of December 28, 2002, 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.

LONG-LIVED ASSETS

In accordance with SFAS No. 144, Accounting for the Impairment and Disposal of Long-Lived Assets, we evaluate the recoverability of our long-lived assets by determining whether unamortized balances could be recovered through undiscounted future operating cash flows over the remaining lives of the assets. If the sum of the expected future cash flows was less than the carrying value of the assets, an impairment loss would be recognized for the excess of the carrying value over the fair value. The estimated fair value is determined by discounting the expected future cash flows at a rate that is required for a similar investment with like risks.

STOCK-BASED COMPENSATION

As permitted under SFAS No. 123, Accounting for Stock-Based Compensation, ("SFAS 123"), we continue to apply the provisions of Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, which recognizes compensation expense under the intrinsic value method. Had compensation cost for the stock options granted and stock purchased in 2004, 2003, and 2002 been determined under the fair value based method defined in SFAS 123, our net earnings and earnings per share would have been reduced to the following pro forma amounts (in thousands, except per share data):

	2004	2003	2002
Net Earnings: As Reported	$48,603	$40,119	$36,637
Deduct: Compensation expense -- fair value method	(1,866)	(1,743)	(1,571)
Pro Forma	$46,737	$38,376	$35,066
EPS -- Basic: As Reported	$ 2.70	$ 2.26	$ 2.04
Pro Forma	$ 2.59	$ 2.16	$ 1.96
EPS -- Diluted: As Reported	$ 2.59	$ 2.18	$ 1.97
Pro Forma	$ 2.51	$ 2.13	$ 1.93

The fair value of each option granted in 2004, 2003, and 2002 is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

	2004	2003	2002
Risk Free Interest Rate	4.6%	4.6%	4.6%
Expected Life	6.0 years	6.5 years	5.0 years
Expected Volatility	27.42%	28.25%	27.52%
Expected Dividend Yield	0.40%	0.40%	0.40%

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us 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. We believe our estimates to be reasonable; however, actual results could differ from these estimates.

RECLASSIFICATIONS

Certain reclassifications have been made in the 2003 and 2002 consolidated financial statements to conform to the classifications used in 2004.

RECENTLY ISSUED ACCOUNTING STANDARDS

In January 2003, the Financial Accounting Standards Board ("FASB") issued Financial Interpretation No. 46, Consolidation of Variable Interest Entities, as revised December 2003 ("FIN 46(R)"). This new rule requires that companies consolidate a variable interest entity if the company is entitled to receive a majority of the risk of loss from the variable interest entity's activities, or is entitled to receive a majority of the entity's residual returns, or both. We have no variable interest entities where we are the primary beneficiary as defined by FIN 46(R), thus the implementation had no effect on our consolidated financial statements.

In December 2004, the FASB issued a revision of SFAS No. 123, Share-Based Payment ("SFAS 123(R)"), which supercedes APB Opinion No. 25, Accounting for Stock Issued to Employees. This statement focuses primarily on transactions in which an entity obtains employee services in exchange for share-based payments. Under SFAS 123(R), a public entity generally is required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, with such cost recognized over the applicable vesting period. In addition, SFAS 123(R) requires an entity to provide certain disclosures in order to assist in understanding the nature of share-based payment transactions and the effects of those transactions on the financial statements. The provisions of SFAS 123(R) are required to be applied as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. As such, we are required to adopt the provisions of SFAS

123(R) at the beginning of the third quarter of fiscal 2005. While we currently disclose the pro-forma earnings effects of our stock-based awards, we are currently evaluating the impact the implementation guidance and revisions included in SFAS 123(R) will have on our consolidated financial statements.

FASB Staff Position ("FSP") No. 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004 ("FSP 109-2"), provides guidance under FASB Statement No. 109, Accounting for Income Taxes, with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (the "Jobs Act") on enterprises' income tax expense and deferred tax liability. The Jobs Act was enacted on October 22, 2004. FSP 109-2 states than an enterprise is allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings for the purposes of applying FASB Statement No. 109. We have not yet completed evaluating the impact of the repatriation provisions. Accordingly, as provided for in FSP 109-2 we have not adjusted our tax expense or deferred tax liability to reflect the repatriation provisions of the Jobs Act.

In November 2004, the FASB issued SFAS No. 151, Inventory Costs ("SFAS 151"), which amends Accounting Research Bulletin ("ARB") No. 43, chapter 4, Inventory Pricing. This statement clarifies that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current-period charges and requires the allocation of fixed production overhead to inventory based on the normal capacity of the production facilities. The provisions of SFAS 151 are required to be applied for fiscal years beginning after June 15, 2005. As such, we are required to adopt the provisions of SFAS 151 at the beginning of our fiscal year beginning January 1, 2006. We do not expect that the implementation of SFAS 151 will have a material effect on our consolidated financial statements.

B. BUSINESS COMBINATIONS AND ASSET PURCHASES

All of the transactions mentioned below are considered business combinations under the provision of SFAS No. 141, Business Combinations and Emerging Issues Task Force Issue 98-3, Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business ("EITF 98-3"), except for the purchase of the treating plants from Quality Wood Treating Co., Inc. ("Quality") on August 26, 2003 and the purchase of assets from Inno-Tech Plastics, Inc. ("Inno-Tech") on April 10, 2002. Each business combination has been accounted for as a purchase. Accordingly, in each instance, the purchase price was allocated to the assets acquired, liabilities assumed, and identifiable intangible assets as applicable 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, including identifiable intangible assets, and assumed liabilities was recorded as goodwill in each transaction. The results of operations of each business combination is included in our consolidated financial statements since the date it was acquired.

On April 2, 2004, one of our subsidiaries acquired a 50% interest in Shawnlee Construction, LLC ("Shawnlee"), which provides framing services for multi-family construction, and is located in Plainville, MA. The purchase price was approximately $4.8 million, allocating $1.2 million to tangible assets and purchased intangibles, $1.1 million to a non-compete agreement, $1.3 million to customer relationship related intangibles, $0.2 million to a backlog, and $1.0 million to goodwill. Shawnlee had net sales in fiscal 2003 totaling approximately $20 million. We have consolidated this entity, including a respective minority interest, because we exercise control.

On March 15, 2004, one of our subsidiaries acquired the assets of Slaughter Industries, owned by International Paper Company ("Slaughter"), a facility which supplies the site-built construction market in Dallas, TX. The purchase price was approximately $3.9 million, which was allocated to the fair value of tangible net assets. Slaughter had net sales in fiscal 2003 totaling approximately $48 million.

On January 30, 2004, one of our subsidiaries acquired the assets of Midwest Building Systems, Inc. ("Midwest"), a facility which serves the site-built construction market in Indianapolis, IN. The purchase price was approximately $1.5 million, which was allocated to the fair value of tangible net assets. Midwest had net sales in fiscal 2003 totaling approximately $7 million.

On August 28, 2003, one of our subsidiaries acquired 50% of the assets of D&L Framing LLC ("D&L"), a framing operation for multi-family construction located in Las Vegas, NV. The purchase price was approximately $0.6 million, which was primarily allocated to the fair value of net assets. D&L had net sales in fiscal 2002 totaling approximately $8 million. We have consolidated this entity, including a respective minority interest, because we exercise control.

On August 26, 2003, one of our subsidiaries entered into an agreement with Quality to cancel the treating services agreement completed on November 4, 2002 and purchase plants located in Lansing, MI and Janesville, WI and the equipment of a plant located in White Bear Lake, MN. The total purchase price for these assets was $5.1 million, which was allocated to the fair value of tangible net assets. In addition, another subsidiary entered into a capital lease for the real estate of the White Bear Lake, MN plant totaling $2.1 million.

On June 4, 2003, one of our subsidiaries acquired 75% of the assets of Norpac Construction LLC ("Norpac"), a concrete framer for multi-family construction located in Las Vegas, NV. The purchase price was approximately $0.2 million, which was primarily allocated to the fair value of tangible net assets. Norpac had net sales in fiscal 2002 totaling approximately $1.5 million. We have consolidated this entity, including a respective minority interest, because we exercise control.

On November 4, 2002, one of our subsidiaries acquired a facility from Quality in Prairie du Chien, WI, which produces EverX(R) composite decking. The purchase price was approximately $14.7 million, allocating $10.1 million to the fair value of tangible net assets, $2.3 million to non-compete agreements, $0.5 million to a licensing agreement and $1.8 million to goodwill. Quality had composite decking net sales in fiscal 2001 totaling approximately $2 million. In addition, we entered into a treating services agreement with Quality. Under the terms of this agreement, we purchased substantially all of the inventory of Quality for approximately $7.5 million, Quality agreed to provide exclusive treating services to us for a five-year term, and we agreed to monthly and annual minimum volumes. The treating services agreement was canceled on August 26, 2003.

On September 9, 2002, one of our subsidiaries acquired certain assets of J.S. Building Products, Inc., ("JS") a site-built component manufacturer in Modesto, CA. The total purchase price for the assets was approximately $2.2 million, allocating $1 million to the fair value of tangible net assets and $1.2 million to goodwill. On October 22, 2002, we purchased the real property from JS where the operation is located for $1.9 million. JS had net sales of approximately $5 million in 2001.

On April 10, 2002, one of our subsidiaries acquired certain assets and entered into an exclusive licensing agreement with Inno-Tech, which operates one facility in Springfield, IL. The total purchase price for the assets was approximately $4.1 million, allocating $2.1 million to the fair value of tangible net assets and $2.0 million to a licensing agreement. Inno-Tech had net sales in fiscal 2001 totaling approximately $1.3 million.

On January 15, 2002, one of our subsidiaries acquired an additional 5% interest in Pinelli, increasing our ownership to 50%. The purchase price for the additional 5% was approximately $0.9 million, allocating $0.3 million to the fair value of tangible net assets and $0.6 million to goodwill. As a result of this transaction, we obtained additional rights of control and thus began consolidating the results of Pinelli in the 2002 consolidated financial statements. Pinelli had net sales in fiscal 2001 totaling approximately $31 million. In 2001 and 2000, we accounted for Pinelli under the equity method.

The acquisitions in 2004, 2003 and 2002 were not significant to our operating results individually nor in the aggregate, and thus pro forma results are not presented.

C. GOODWILL AND OTHER INTANGIBLE ASSETS

Effective December 30, 2001, we adopted SFAS No. 142, Goodwill and Other Intangible Assets. This statement changed the accounting and reporting for goodwill and other intangible assets. Goodwill is no longer amortized; however, tests for impairment are performed annually in the fourth quarter and if a triggering event occurs. We tested for annual impairment by utilizing the discounted cash flow method, which resulted in no impairment of goodwill.

On December 31, 2002, the Chairman of the Board retired as an employee of Universal Forest Products, Inc., and we entered into a non-compete agreement with him which provides for monthly payments of $12,500 for a term of seven years. The present value of these payments has been recorded in Other Liabilities.

The following amounts were included in other intangible assets, net as of December 25, 2004 and December 27, 2003 (in thousands):

	2004		2003	
	ASSETS	ACCUMULATED AMORTIZATION	ASSETS	ACCUMULATED AMORTIZATION
Non-compete agreements	$ 9,805	$(4,318)	$ 7,884	$(3,067)
Licensing agreements	2,760	(1,601)	2,910	(936)
Customer relationships	1,285	(193)	0	0
Backlog	190	(121)	0	0
Total	$14,040	$(6,233)	$10,794	$(4,003)

Amortization is computed principally by the straight-line method over the estimated useful lives of the intangible assets as follows:

Non-compete agreements	5 to 11 years
Licensing agreements	5 to 20 years
Customer relationship	5 years
Backlog	1 year

Amortization expense for intangibles totaled $2.4 million, $1.6 million and $1.0 million in 2004, 2003, and 2002, respectively. The estimated amortization expense for intangibles for each of the five succeeding fiscal years is as follows (in thousands):

2005	$2,205
2006	1,961
2007	1,446
2008	996
2009	480
Thereafter	719
Total	$7,807

The changes in the net carrying amount of goodwill for the years ended December 25, 2004 and December 27, 2003, are as follows (in thousands):

Balance as of December 28, 2002	$126,299
Final purchase price allocation of Quality and JS	(2,810)
Goodwill acquired	550
Foreign currency translation effects and other, net	989
Balance as of December 27, 2003	125,028
Acquisition	4,345
Final purchase price allocation of Shawnlee	(3,397)
Sale of interest in subsidiary	(2,169)
Other, net	38
Balance as of December 25, 2004	$123,845

D. DEBT

On December 20, 2004, we completed a five-year, $250 million unsecured revolving credit facility, which includes amounts reserved for letters of credit. This facility replaced our $200 million facility. Cash borrowings are charged interest based upon an index equal to the Eurodollar rate (in the case of borrowings in US Dollars) or the bankers' acceptance rate quoted (in the case of borrowings in Canadian Dollars), plus a margin (ranging from 42.5 to 107.5 basis points, based upon our financial performance). We are also charged an annual facility fee on the entire amount of the lending commitment (ranging from 12.5 to 30 basis points, based upon our performance), and a usage premium (ranging from 7.5 to 12.5 basis points, based upon our performance) at times when borrowings exceed $125 million. The average borrowing rate on this facility was 2.8% in 2004. The amount outstanding on the revolving credit facility is included in the long-term debt summary below.

On December 18, 2002, we completed a $55 million private placement of senior unsecured notes payable. The notes have an average life of over nine years and an average interest rate of 6.0%.

On November 25, 2002, we completed a three-year, $200 million unsecured revolving credit facility, which includes amounts reserved for letters of credit. This facility replaced our $175 million and $20 million Canadian facilities. Borrowings under the revolver were charged interest at a rate of 125 basis points over the applicable Eurodollar rate. The average borrowing rate on these facilities was 3.3%, 3.7%, and 2.3% in 2004, 2003, and 2002, respectively. This facility was replaced on December 20, 2004 by the $250 million facility noted above.

Outstanding letters of credit extended on our behalf aggregated $34.6 million on December 25, 2004, which includes approximately $18.3 million related to industrial development revenue bonds. Letters of credit have terms ranging from one to five years, and include an automatic renewal clause. The letters of credit are charged an annual interest rate of 0.575% in 2004 under the $250 million facility and previously, 1.25% under the $200 million facility.

Long-term debt and capital lease obligations are summarized as follows on December 25, 2004 and December 27, 2003 (amounts in thousands):

	2004	2003
Series 1998-A Senior Notes Tranche A, due on December 21, 2005, interest payable semi-annually at 6.69%	$ 21,500	$ 21,500
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 C, due on December 21, 2008, interest payable semi-annually at 6.98%	19,000	19,000
Series 2002-A Senior Notes Tranche A, due on December 18, 2009, interest payable semi-annually at 5.63%	15,000	15,000
Series 2002-A Senior Notes Tranche B, due on December 18, 2012, interest payable semi-annually at 6.16%	40,000	40,000
1994 Senior Unsecured Notes, $5,714,000 due annually commencing May 1998 through May 2004, interest due semi-annually at 7.15%		5,714
Revolving credit facility totaling $250 million due on December 18, 2009, interest due monthly at a floating rate (2.97% on December 25, 2004)	29,108	
Revolving credit facility totaling $200 million		27,058
Series 1998 Industrial Development Revenue Bonds, due on December 1, 2018, interest payable monthly at a floating rate (1.96% on December 25, 2004)	1,300	1,300
Series 1999 Industrial Development Revenue Bonds, due on July 1, 2029, interest payable monthly at a floating rate (1.87% on December 25, 2004)	2,400	2,400
Series 1999 Industrial Development Revenue Bonds, due on August 1, 2029, interest payable monthly at a floating rate (1.79% on December 25, 2004)	3,300	3,300
Series 2000 Industrial Development Revenue Bonds, due on October 1, 2020, interest payable monthly at a floating rate (1.86% on December 25, 2004)	2,700	2,700
Series 2000 Industrial Development Revenue Bonds, due on November 1, 2020, interest payable monthly at a floating rate (1.87% on December 25, 2004)	2,400	2,400
Series 2001 Industrial Development Revenue Bonds, due on November 1, 2021, interest payable monthly at a floating rate (1.87% on December 25, 2004)	2,500	2,500
Series 2002 Industrial Development Revenue Bonds, due on December 1, 2022, interest payable monthly at a floating rate (1.85% on December 25, 2004)	3,700	3,700
Capital lease obligations, interest imputed at 6.0%	2,084	2,102
Other	2,650	3,286
	207,142	211,460
Less current portion	22,033	6,411
Long-term portion	$185,109	$205,049

Financial covenants on the unsecured revolving credit facility and unsecured notes include a minimum net worth requirement, minimum interest coverage tests, and a maximum leverage ratio. The agreements also restrict the amount of additional indebtedness we may incur and the amount of assets which may be sold. We were within all of our lending requirements on December 25, 2004.

On December 25, 2004, the principal maturities of long-term debt and capital lease obligations are as follows (in thousands):

2005	$ 22,033
2006	452
2007	358
2008	80,862
2009	45,129
Thereafter	58,308
	$207,142

On December 25, 2004, the estimated fair value of our long-term debt, including the current portion, was $210.1 million, which was $3.0 million greater than the carrying value. The estimated fair value is based on rates anticipated to be available to us for debt with similar terms and maturities. The estimated fair value of short-term debt included in current liabilities approximated the carrying value. The weighted average rate on this short-term debt was 6.0% at December 27, 2003.

E. LEASES

Leased property included in the balance sheet on December 25, 2004 and December 27, 2003 is as follows (in thousands):

	2004	2003
Land and improvements	$ 211	$ 230
Buildings and improvements	1,899	2,061
Machinery and equipment		431
	2,110	2,722
Less accumulated amortization	(135)	(278)
	$1,975	$2,444

We lease certain real estate under operating and capital lease agreements with original terms ranging from one to ten years. We are required to pay real estate taxes and other occupancy costs under these leases. Certain leases carry renewal options of five to fifteen years. We also lease motor vehicles, equipment, and an airplane under operating lease agreements for periods of one to ten years. Future minimum payments under non-cancelable leases on December 25, 2004 are as follows (in thousands):

	CAPITAL LEASES	OPERATING LEASES	TOTAL
2005	$ 146	$10,672	$10,818
2006	146	8,024	8,170
2007	146	5,525	5,671
2008	2,097	3,626	5,723
2009	0	1,541	1,541
Subsequent	0	318	318
Total minimum lease payments	$2,535	$29,706	$32,241
Less imputed interest	(451)		
Present value of minimum lease payments	$2,084		

Rent expense was approximately $19.3 million, $15.4 million, and $12.7 million in 2004, 2003, and 2002, respectively.

F. DEFERRED COMPENSATION

We have 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. We purchased life insurance on such executives, payable to us in amounts which, if assumptions made as to mortality experience, policy dividends, and other factors are realized, will accumulate cash values adequate to reimburse us for all payments for insurance and deferred compensation obligations. In the event cash values are not sufficient to fund such obligations, the program allows us to reduce benefit payments to such amounts as may be funded by accumulated cash values. The deferred compensation liabilities and related cash surrender value of life insurance policies are included in "Other Liabilities" and "Other Assets," respectively.

We also maintain 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 our 401(k) plan, including our stock. The investment in shares of our stock has been made on a "phantom stock" basis and shares issued to a Rabbi trust, and may only be distributed in kind. Assets held by the Plan totaled approximately $2.7 million and $2.1 million on December 25, 2004 and December 27, 2003, respectively, and are included in "Other Assets." Related liabilities totaled $5.4 million and $4.1 million on December 25, 2004 and December 27, 2003, respectively, and are included in "Other Liabilities" and "Shareholders' Equity."

Assets of the Plan are recorded at fair market value. The related liabilities are recorded at fair market value, with the exception of obligations associated with investments in our stock which are recorded at the market value on the date of deferral. Under this Plan we issued 22,528 shares, 37,678 shares, and 5,380 shares in 2004, 2003, and 2002, respectively, which included distributions to participants and shares held in the Rabbi trust.

G. SALE OF ACCOUNTS RECEIVABLE

On September 25, 2003, we entered into an accounts receivable sale arrangement with a bank. On November 12, 2004 we amended and extended this agreement. Under the terms of the agreement:

- We sell specific receivables to the bank at an agreed-upon price at terms ranging from one month to one year.

- We service the receivables sold and outstanding on behalf of the bank at a rate of 0.50% per annum.

- We receive an incentive servicing fee, which we account for as a retained interest in the receivables sold. Our retained interest is determined based on the fair market value of anticipated collections in excess of the Agreed Base Value of the receivables sold. Appropriate valuation allowances are included in the retained interest.

- The maximum amount of receivables which may be sold and outstanding at any point in time under this arrangement is $50 million.

On December 25, 2004, $19.5 million of receivables were sold and outstanding, and we recorded $1.3 million of retained interest in other current assets. On December 27, 2003, $9.7 million of receivables were sold and outstanding, and we recorded $0.5 million of retained interest in other current assets. A summary of the transactions we completed in 2004 and 2003 is presented below (in thousands).

	2004	2003
Accounts receivable sold	$301,325	$101,930
Retained interest in receivables	(3,892)	(2,039)
Expense from sale	(631)	(168)
Servicing fee received	126	37
Discounts and sales allowances	(2,873)	(840)
Net cash received from sale	$294,055	$ 98,920

H. COMMON STOCK

On June 1, 1993, shareholders approved the Incentive Stock Option Plan (the "Plan") for our officers. Options for the purchase of all 1,200,000 shares of our common stock authorized under the Plan have been granted. The Plan provides that the options are exercisable only if the officer is employed by us 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 2005 through 2008.

In January 1994, the Employee Stock Gift Program was approved by the Board of Directors which allows us to gift shares of stock to eligible employees based on length of service. We gifted 1,736 shares, 2,397 shares, and 1,097 shares of stock under this Plan in 2004, 2003, and 2002, respectively, and recognized the market value of the shares at the date of issuance as an expense totaling approximately $56,000, $51,000, and $23,000, respectively.

In April 1994, shareholders approved the Employee Stock Purchase Plan ("Stock Purchase Plan") and Director Retainer Stock Plan ("Stock Retainer Plan"). In April 2002, shareholders approved the 2002 Employee Stock Purchase Plan ("2002 Stock Purchase Plan") to succeed the Stock Purchase Plan. The plans allow eligible employees to purchase shares of our stock at a share price equal to 85% of fair market value on the purchase date. In 2004, 2003, and 2002, 15,594 shares, 24,469 shares, and 13,125 shares, respectively, were issued under this Plan for amounts totaling approximately $411,000, $417,000, and $243,000, respectively. The weighted-average discounted fair value of these shares was

$26.34, $17.04, and $18.54, respectively.

The Stock Retainer Plan allows eligible members of the Board of Directors to defer their retainer fees and receive shares of our 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 our stock at the time of deferral, is increased for dividends declared and may only be distributed in kind. We have accrued, in shareholders equity approximately $533,000 and $355,000 on December 25, 2004 and December 27, 2003, respectively, for amounts incurred under this Plan. In 2003, 6,156 shares were issued as part of a distribution from the Plan for an amount totaling approximately $98,000.

In January 1997, we 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 2004, 2003, and 2002, we issued 2,300 shares, 1,600 shares, and

1,400 shares, respectively, and recognized the market value of the shares on the date of issuance as an expense totaling approximately $75,000, $35,000, and $31,000, respectively.

On April 28, 1999, the shareholders approved the Long Term Stock Incentive Plan (the "1999 Plan") to succeed the 1997 Long Term Stock Incentive Plan (the "1997 Plan"). The 1999 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 1999 Plan provides for the granting of stock options, reload options, stock appreciation rights, restricted stock, performance shares and other stock-based awards. The term of the 1999 Plan is ten years. In 2004, 2003, and 2002, we granted stock options for 100,000 shares, 140,000 shares, and 576,769 shares, respectively.

On April 17, 2002, under the 1999 Plan, a Conditional Share Grant Agreement was executed which will grant the Chief Executive Officer 10,000 shares of common stock immediately upon the satisfaction of the terms and conditions set forth in the Agreement. We have accrued in shareholders equity approximately $129,000 and $62,000 on December 25, 2004 and December 27, 2003, respectively, for this grant.

As of December 25, 2004, a total of 2,833,145 shares are reserved for issuance under the plans mentioned above and under Note I below.

On October 21, 1998, the Board of Directors approved a share repurchase program (which succeeded a previous program) allowing us to repurchase up to 1,800,000 shares of our common stock. On October 18, 2000 and November 14, 2001, the Board of Directors authorized an additional 1,000,000 shares and 2,500,000 shares, respectively, to be repurchased under the program. In 2004, 2003, and 2002, we repurchased 4,050 shares, 123,234 shares, and 2,199,435 shares, respectively, under these programs. As of December 25, 2004, cumulative total authorized shares available for repurchase is approximately 1.5 million shares.

I. 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 us on the date of exercise.

Options were granted in 2004, 2003, and 2002 with exercise prices which were equal to the market prices on the date of grant.

Stock option activity since the end of 2001 is summarized as follows:

	SHARES OF COMMON STOCK ATTRIBUTABLE TO OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS	WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED
Outstanding on December 29, 2001	1,711,734	$14.15	
Granted	576,769	$22.48	$ 7.09
Exercised	(120,000)	$ 5.00	
Forfeited	(62,629)	$17.02	
Outstanding on December 28, 2002	2,105,874	$16.86	
Granted	140,000	$17.10	$ 6.18
Exercised	(65,284)	$13.24	
Forfeited	(185,074)	$18.73	
Outstanding on December 27, 2003	1,995,516	$16.83	
Granted	100,000	$30.64	$10.34
Exercised	(155,083)	$16.86	
Forfeited	(63,174)	$21.01	
Outstanding on December 25, 2004	1,877,259	$17.42	

Options to purchase 121,073 shares were exercisable on December 25, 2004 with a weighted average price of $16.26. Options to purchase 55,003 shares were exercisable at December 27, 2003 with a weighted average price of $13.01. Options to purchase 20,000 shares were exercisable at December 28, 2002 with a weighted average price of $20.03. The following table summarizes information concerning options on December 25, 2004:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE
$5.75 -- $10.00	235,000	2.02
$10.01 -- $14.00	373,804	1.95
$14.01 -- $18.00	423,693	2.94
$18.01 -- $21.00	84,753	1.47
$21.01 -- $23.00	395,009	2.90
$23.01 -- $25.00	190,000	4.76
$25.01 -- $36.01	175,000	6.71
	1,877,259	

J. EMPLOYEES' STOCK NOTES RECEIVABLE

Notes were obtained by us from certain officers for the purchase of our common stock. On April 30, 2002, we sold 12,555 shares of common stock to three officers in exchange for additional notes receivable totaling approximately $300,000. Interest on all of the outstanding notes range from fixed rates of five to eleven percent per annum and a variable rate of the prime rate less 10% (minimum 6%, maximum 12%). Each loan is evidenced by a promissory note from the participating officer, and is secured by all of the shares purchased with the loan proceeds. As of August 1, 2002, we no longer issue notes to executive officers under this program.

On April 30, 2003, we sold 57,232 shares of common stock to employees in exchange for notes receivable totaling approximately $887,000. Interest on these notes is fixed at 4.8% per annum. Each loan is evidenced by a promissory note from the participating employee, and is secured by all of the shares purchased with the loan proceeds.

On March 31, 2004, we sold 195 shares of common stock to an employee in exchange for a note receivable totaling approximately $6,000. Interest on the note is fixed at 4.8% per annum. The loan is evidenced by a promissory note from the participating employee, and is secured by all of the shares purchased with the loan proceeds.

All loans are recourse loans. On December 25, 2004, payments on the notes are due as follows (in thousands):

2005	$ 39
2006	109
2007	105
2008	130
2009	284
Thereafter	879
	$1,546

K. LIFE INSURANCE

We maintained an officer's life insurance policy on the Chairman with a death benefit of $1.3 million. The cash surrender value on this policy on December 28, 2002 is included in "Other Assets." During 2003, this policy was purchased by the Chairman of the Board for approximately $190,000, which was equal to its cash value.

L. RETIREMENT PLANS

We have a profit sharing and 401(k) plan for the benefit of substantially all of our employees, excluding the employees of certain non-wholly owned subsidiaries.

Amounts contributed to the plan are made at the discretion of the Board of Directors. We made a profit sharing contribution of approximately $384,000 in 2002 and made an additional discretionary match of approximately $311,000 in 2003. In addition, we matched 50% of employee contributions in 2004, 2003, and 2002, on a discretionary basis, totaling $3.3 million, $2.9 million, and $2.1 million, respectively. The basis for matching contributions may not exceed the lesser of 6% of the employee's annual compensation or $13,000.

In addition, a wholly-owned subsidiary acquired in 1998 had 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 $583,000 in 2002. On July 1, 2003, this plan merged with our plan.

M. INCOME TAXES

Income tax provisions for the years ended December 25, 2004, December 27, 2003, and December 28, 2002 are summarized as follows (in thousands):

	2004	2003	2002
Currently Payable:			
Federal	$26,385	$19,331	$17,196
State and local	3,728	2,296	2,590
Foreign	486	952	(509)
	30,599	22,579	19,277
Net Deferred:			
Federal	(712)	2,422	1,753
State and local	8	(443)	462
Foreign	1,567	(233)	1,491
	863	1,746	3,706
	$31,462	$24,325	$22,983

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

	2004	2003	2002
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local taxes (net of federal benefits)	2.9	1.8	3.2
Effect of minority owned interest in earnings of partnerships	(0.9)	(0.1)	(1.0)
Other, net	0.9	0.3	(0.2)
Effective income tax rate	37.9%	37.0%	37.0%

We have no present intention of remitting undistributed earnings of certain foreign subsidiaries aggregating $9.9 million on December 25, 2004 and, accordingly, no deferred tax liability has been established relative to these earnings. We have not reevaluated our position with respect to the indefinite reinvestment of foreign earnings to take into account the possible election of the repatriation provisions contained in the American Job Creation Act of 2004 (the "Jobs Act"), enacted on October 22, 2004. The status of our evaluation of these provisions is described in the following paragraphs.

The Jobs Act provides for a temporary 85% dividends received deduction on certain foreign earnings repatriated during a one-year period. The deduction would result in an approximate 5.25% federal tax rate on the repatriated earnings. To qualify for the deduction, the earnings must be reinvested in the United States pursuant to a domestic reinvestment plan established by a company's chief executive officer and approved by the company's board of directors. Certain other criteria in the Jobs Act must be satisfied as well. The maximum amount of our foreign earnings that qualify for the temporary deduction is $9.9 million. The one-year period during which our qualifying distributions can be made is fiscal 2005.

We are in the process of evaluating whether we will repatriate foreign earnings under the repatriation provisions of the FSP 109-2, and if so, the amount that will be repatriated. The range of reasonably possible amounts that we are considering for repatriation, which would be eligible for the temporary deduction is zero to $2.0 million. We are awaiting the issuance of further regulatory guidance and passage of statutory technical corrections with respect to certain provisions in the Jobs Act prior to determining the amounts we will repatriate. If such regulatory guidance or technical corrections are favorable, we may repatriate amounts in the high end of our range. We expect to determine the amounts and sources of foreign earnings to be repatriated, if any, during 2005. If we were to repatriate the $2.0 million amount of our undistributed earnings of foreign subsidiaries, we estimate that we would accrue additional income tax expense totaling approximately $200,000.

Temporary differences which give rise to deferred tax assets and (liabilities) on December 25, 2004 and December 27, 2003 are as follows (in thousands):

	2004	2003
Employee benefits	$ 4,907	$ 4,322
Foreign subsidiary net operating loss	216	9
Depreciation	(15,575)	(14,919)
Inventory	(658)	(382)
Accrued expenses	207	279
All other, net	(3,639)	(2,810)
	$(14,542)	$(13,501)
Valuation allowance	(473)	(651)
	$(15,015)	$(14,152)

The valuation allowance consists of a capital loss carryforward we have related to a prior investment in a wholly-owned subsidiary, UFP de Mexico. We do not anticipate realizing a future benefit from this loss carryforward, therefore, we have established an allowance for the entire amount of the future benefit. This carryforward will expire at the end of 2005.

N. COMMITMENTS, CONTINGENCIES, AND GUARANTEES

We are self-insured for environmental impairment liability through a wholly owned subsidiary, UFP Insurance Ltd., a licensed captive insurance company. We own and operate 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, we 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. Insurance reserves, calculated with no discount rate, have been established to cover remediation activities at our Union City, GA; Stockertown, PA; Elizabeth City, NC; Auburndale, FL; Schertz, TX; and Janesville, WI wood preservation facilities. In addition, a small reserve was established for our Thornton, CA property to remove asbestos and certain lead containing materials which existed on the property at the time of purchase.

Including amounts from our wholly owned captive insurance company, we have reserved approximately $1.9 million on December 25, 2004 and December 27, 2003, representing the estimated costs to complete future remediation efforts and has not been reduced by an insurance receivable.

The manufacturers of CCA preservative voluntarily discontinued the registration of CCA for certain residential applications as of December 31, 2003. As a result, all of our wood preservation facilities have been converted to alternate preservatives, either ACQ or borates.

In November 2003, the EPA published its report on the risks associated with the use of CCA in children's playsets. While the study observed that the range of potential exposure to CCA increased by the continuous use of playsets, the EPA concluded that the risks were not sufficient to require removal or replacement of any CCA treated structures. The EPA did refer a question on the use of sealants to a scientific advisory panel. The panel issued a report which provides guidance to the EPA on the use of various sealants but does not mandate their use. The EPA is reviewing the report and is expected to issue further clarifications.

The results of the EPA study are consistent with a prior Consumer Products Safety Commission (CPSC) study which reached a similar conclusion.

In addition, various special interest environmental groups have petitioned certain states requesting restrictions on the use or disposal of CCA treated products. The wood preservation industry trade groups are working with the individual states and their regulatory agencies to provide an accurate, factual background which demonstrates that the present method of uses and disposal is scientifically supported.

We have been requested by a customer to defend it from purported class action lawsuits filed against it in Florida, Louisiana, Texas, Illinois, and New Jersey. The purported class action lawsuits seek unspecified damages from one of our customers, based on generalized claims under a purported theory of inherent defect, failure to properly warn, or violation of individual state Consumer Protection Act statutes. To date, none of these cases have been certified as a class action. The Florida claim was denied class action status, and all appeals have been denied. We had previously been dismissed as a defendant from the Louisiana litigation, and this case was denied class action status in March 2004. The Illinois case and the Texas case were recently dismissed without prejudice, although the plaintiff may choose to appeal or refile. The Texas case has been continued as an individual plaintiffs case, rather than a class action. As such, the case is not material. The Illinois case, based on an alleged violation of the consumer protection act, has been restated and filed. The remaining complaints do not allege personal injury or property damage. As previously stated, our vendors believe and scientific studies support the fact that CCA treated lumber poses no unreasonable risks, and we intend to vigorously defend this position. While our customer has charged us for certain costs incurred in the defense of these claims and we have expensed them accordingly, we have not formally accepted liability of these costs.

We believe that based on current facts, laws, and existing scientific evidence, as well as the favorable disposition of the above referenced lawsuits, that the likelihood of a material adverse financial impact from the remaining claims is remote. Therefore, we have not accrued for any potential loss related to the contingencies above. However, potential liabilities of this nature are not conducive to precise estimates and are subject to change. To the extent we are required to defend these actions, we intend to do so vigorously and will monitor these facts on an ongoing basis.

In addition, on December 25, 2004, we were parties either as plaintiff or a defendant to a number of lawsuits and claims arising through the normal course of our business. In the opinion of management, our consolidated financial statements will not be materially affected by the outcome of these contingencies and claims.

On December 25, 2004, we had outstanding purchase commitments on capital projects of approximately $3.1 million included in other liabilities.

We provide a variety of warranties for products we manufacture. Historically, warranty claims have not been material.

In certain cases we jointly bid on contracts with framing companies to supply building materials to site-built construction projects. In some of these instances we are required to post payment and performance bonds to insure the owner that the products and installation services are completed in accordance with our contractual obligations. We have agreed to indemnify the surety for claims made against the bonds. Historically, we have not had any claims for indemnity from our sureties. As of December 25, 2004, we had approximately $17.0 million in outstanding performance bonds which expire during the next two to twenty-one months. In addition, approximately $14.7 million in payment and performance bonds are outstanding for completed projects which are still under warranty.

We have entered into operating leases for certain assets that include a guarantee of a portion of the residual value of the leased assets. If at the expiration of the initial lease term we do not exercise our option to purchase the leased assets and these assets are sold by the lessor for a price below a predetermined amount, we will reimburse the lessor for a certain portion of the shortfall. These operating leases will expire periodically over the next five years. The estimated maximum aggregate exposure of these guarantees is approximately $1.2 million.

Under our sale of accounts receivable agreement, we guarantee that Universal Forest Products RMS, LLC, as accounts servicer, will remit collections on receivables sold to the bank. (See Note G.)

On December 25, 2004, we had outstanding letters of credit totaling $34.6 million, primarily related to certain insurance contracts and industrial development revenue bonds, as further described below.

In lieu of cash deposits, we provide irrevocable letters of credit in favor of our insurers to guarantee our performance under certain insurance contracts. We currently have irrevocable letters of credit outstanding totaling approximately $16.3 million for these types of insurance arrangements. We have reserves recorded on our balance sheet, in accrued liabilities, that reflect our expected future liabilities under these insurance arrangements.

We are required to provide irrevocable letters of credit in favor of the bond trustees for all of the industrial development revenue bonds that we have issued (see Note D). These letters of credit guarantee principal and interest payments to the bondholders. We currently have irrevocable letters of credit outstanding totaling approximately $18.3 million related to our outstanding industrial development revenue bonds. These letters of credit have varying terms but may be renewed at the option of the issuing banks.

Certain wholly owned domestic subsidiaries have guaranteed the indebtedness of Universal Forest Products, Inc. in certain debt agreements, including the Series 1998-A Senior Notes, Series 2002-A Senior Notes, and our revolving credit facility. The maximum exposure of these guarantees is limited to the indebtedness outstanding under these debt arrangements and this exposure will expire concurrent with the expiration of the debt agreements (see Note D).

O. SALE OF REAL ESTATE AND INTEREST IN SUBSIDIARY

In January 2004, we sold our 60% ownership in Nascor Incorporated, a Calgary, Alberta-based manufacturer of engineered wood components and licensor of I-joist manufacturing technology. The total sales price we collected was $4.7 million and we recorded a pre-tax accounting loss of approximately $193,000.

In March 2004, we sold a plant in Bend, OR and recognized a pre-tax gain of approximately $562,000 on the sale in the first quarter and an additional $207,000 in the second quarter as we collected the note receivable issued to us on the sale.

In June 2004, we sold a plant in Modesto, CA and recognized a pre-tax gain of approximately $368,000.

In December 2004, we sold real estate in Elkhart, IN and Thornton, CA and recognized a net pre-tax gain of $426,000.

In May 2002, we sold our corporate airplane and recognized a gain of approximately $1.1 million on the sale, and entered into an operating lease for a replacement airplane.

P. GAIN ON INSURANCE SETTLEMENT

In April 2004, our plant in Thorndale, Ontario was destroyed by a fire. In accordance with FIN 30, Accounting for Involuntary Conversions of Non-Monetary Assets to Monetary Assets, we have written off the net book value of the destroyed inventory and property totaling $3.6 million. The insured value of the property exceeded its net book value by approximately $1.4 million, which was recorded as a gain on insurance settlement. As of December 25, 2004, we have collected $2.0 million of insurance proceeds. The remaining insurance receivable totals approximately $3.0 million and is recorded in other current assets.

Q. SEGMENT REPORTING

SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS 131") defines operating segments 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, our Eastern and Western Divisions may be considered an operating segment of our business. Under SFAS 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. We have chosen to aggregate our divisions into one reporting segment. Our divisions operate manufacturing and treating facilities throughout North America.

In 2004, 2003, and 2002, 25%, 30%, and 30% of net sales, respectively, were to a single customer.

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

	2004		2003		2002	
	NET SALES	LONG-LIVED TANGIBLE ASSETS	NET SALES	LONG-LIVED TANGIBLE ASSETS	NET SALES	LONG-LIVED TANGIBLE ASSETS
United States	$2,373,289	$194,480	$1,813,257	$182,904	$1,559,530	$181,761
Foreign	79,992	29,745	85,573	38,111	80,369	28,121
Total	$2,453,281	$224,225	$1,898,830	$221,015	$1,639,899	$209,882

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

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

	VALUE-ADDED	COMMODITY-BASED
2004	50.7%	49.3%
2003	51.1%	48.9%
2002	50.8%	49.2%

Value-added product sales consist of fencing, decking, lattice, and other specialty products sold to the DIY/retail market, specialty wood packaging, engineered wood components, and "wood alternative" products. Wood alternative products consist primarily of composite wood and plastic. Although we consider 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. Commodity-based product sales consist primarily of remanufactured lumber and preservative treated lumber.

The following table presents, for the periods indicated, our net sales (in thousands) by major product classification.

	YEARS ENDED		
	DECEMBER 25, 2004	DECEMBER 27, 2003	DECEMBER 28, 2002
Value-Added Sales			
Fencing	$ 139,473	$ 127,899	$ 113,786
Decking	37,908	37,816	30,304
Lattice	20,755	20,705	19,939
Outdoor preservative treated products	14,469	11,820	10,785
Wood alternative products	33,348	19,357	
Engineered wood components and other building materials	656,338	523,508	497,384
Turn-key framing and installed sales	120,741	58,576	34,413
Packaging	57,581	42,138	31,775
Specialty lumber products	84,919	73,650	62,201
Other	78,155	55,782	32,796
Total Value-Added Sales	1,243,687	971,251	833,383
Commodity-Based Sales			
Dimensional lumber	451,041	296,512	302,877
Preservative treated lumber	489,682	450,891	386,332
Plywood and OSB	254,499	165,545	104,146
Other	14,372	14,631	13,161
Total Commodity-Based Sales	1,209,594	927,579	806,516
Total Net Sales	$2,453,281	$1,898,830	$1,639,899

R. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth selected financial information for all of the quarters, each consisting of 13 weeks, during the years ended December 25, 2004 and December 27, 2003 (in thousands, except per share data):

	FIRST		SECOND		THIRD		FOURTH	
	2004	2003	2004	2003	2004	2003	2004	2003
Net sales	$465,665	$355,619	$742,568	$552,463	$709,294	$536,278	$535,754	$454,470
Gross profit	56,361	51,804	92,821	78,742	83,792	72,563	63,279	54,877
Net earnings	5,567	4,500	19,756	17,162	14,626	12,204	8,654	6,252
Basic earnings per share	0.31	0.25	1.09	0.97	0.81	0.69	0.48	0.35
Diluted earnings per share	0.30	0.25	1.06	0.94	0.78	0.66	0.46	0.34

S. SUBSEQUENT EVENTS

On January 3, 2005, we sold real estate located in Stockton, CA for $2.3 million and recorded a pre-tax gain totaling approximately $1.3 million.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our 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 2004	HIGH	LOW	FISCAL 2003	HIGH	LOW
Fourth Quarter	44.34	31.50	Fourth Quarter	31.74	24.25
Third Quarter	34.19	28.54	Third Quarter	26.10	19.98
Second Quarter	33.03	26.36	Second Quarter	21.50	15.41
First Quarter	34.48	28.08	First Quarter	21.99	15.01

There were approximately 6,000 shareholders of record as of March 1, 2005.

In 2004, we paid dividends on our common stock of $.050 per share in June and December. In 2003, we paid dividends on our common stock of $.045 per share in June and $.050 per share in December. We intend to continue with our current semi-annual 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.
Dan M. Dutton
Chairman of the Board
Stimson Lumber Co.
John M. Engler
President and Chief Executive Officer
National Association of Manufacturers
John W. Garside
President and Treasurer
Woodruff Coal Company
Gary F. Goode, CPA
Chairman
Titan Distribution, LLC
Mark A. Murray
President
Grand Valley State University
Louis A. Smith
President
Smith and Johnson, Attorneys, P.C.

EXECUTIVE OFFICERS

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
Robert K. Hill
President
Universal Forest Products
Western Division, Inc.
C. Scott Greene
President
Universal Forest Products
Eastern Division, Inc.
Robert D. Coleman
Executive Vice President Manufacturing
Universal Forest Products, Inc.

SHAREHOLDER INFORMATION

ANNUAL MEETING
The annual meeting of Universal Forest Products(R), Inc., will be held at 8:30 a.m. on April 20, 2005, at the Company's corporate headquarters, 2801 East Beltline NE, 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, MI

INDEPENDENT ACCOUNTANTS
Ernst & Young LLP
Grand Rapids, MI

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.
59 Maiden Lane
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

UNIVERSAL FOREST
PRODUCTS(R), INC.,
AND ITS AFFILIATES
LOCATIONS:
Arlington, TX
Ashburn, GA
Auburn, NY
Auburndale, FL
Belchertown, MA
Berlin, NJ
Blanchester, OH
Bunn, NC
Burlington, NC
Chaffee, NY
Chandler, AZ
Chesapeake, VA
Clinton, NY
Conway, SC
Dallas, NC
Dallas, TX
Denver, CO
Durango, Durango, Mexico
Earlysville, VA
Eatonton, GA
Elizabeth City, NC
Emlenton, PA
Englewood, CO
Fishersville, VA
Folkston, GA
Fontana, CA
Georgetown, DE
Gordon, PA
Grandview, TX
Grand Rapids, MI(2)
Granger, IN
Haleyville, AL
Hamilton, OH
Harrisonville, MO
Hope, AR
Houston, TX
Hudson, NY
Indianapolis, IN
Janesville, WI
Jefferson, GA

Kyle, TX
LaColle, Quebec, Canada
Lafayette, CO
Lancaster, PA
Lansing, MI
Las Vegas, NV(2)
Liberty, NC
Lodi, OH
Minneota, MN
Moultrie, GA
New London, NC
New Waverly, TX
New Windsor, MD
Ocala, FL
Ooltewah, TN
Parker, PA
Pearisburg, VA
Plainville, MA
Prairie du Chien, WI
Ranson, WV
Riverside, CA
Saginaw, TX
Salisbury, NC
San Antonio, TX
San Diego, CA
Sanford, NC
Santee, SC
Schertz, TX
Sidney, NY
Silsbee, TX
Springfield, IL
Stockertown, PA
Tecate, Baja California, Mexico
Thorndale, Ontario, Canada
Thornton, CA
Union City, GA(2)
Warrens, WI
Westville, IN
White Bear Lake, MN
White Pigeon, MI
Windsor, CO
Woodburn, OR

EXHIBIT 14(a)

UNIVERSAL FOREST PRODUCTS, INC.
CODE OF ETHICS FOR SENIOR FINANCIAL OFFICERS

Each person who has been designated by the Board of Directors of Universal Forest Products, Inc. (the "Company") as a senior financial officer of the Company shall, as a condition of employment by the Company, be required to sign and deliver to the Company the following statement:

In my role as a senior financial officer of Universal Forest Products, Inc. (the "Company"), I certify to the Company and the Audit Committee of the Board of Directors of the Company, that I adhere to and advocate the following principles and responsibilities governing my professional and ethical conduct, and to the best of my knowledge and ability:

1. I act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.

2. I provide constituents with information that is accurate, complete, objective, relevant, timely, and understandable.

3. I comply with rules and regulations of federal, state, and local governments, and other appropriate private and public regulatory agencies.

4. I act in good faith, responsibly, with due care, competence, and diligence, without misrepresenting material facts or allowing my independent judgment to be subordinated or otherwise compromised.

5. I respect the confidentiality of information acquired in the course of my work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of my work is not used for my personal advantage.

6. I share knowledge and maintain skills important and relevant to my constituents' needs.

7. I proactively promote ethical behavior among my professional peers.

8. I comply with and adhere to each and all of the Company's policies and practices, including those policies governing accounting and financial reporting practices and procedures.

/s/ Michael R. Cole	January 15, 2003
(signature)	Dated

EXHIBIT 14(b)

UNIVERSAL FOREST PRODUCTS, INC.
CODE OF ETHICS FOR SENIOR FINANCIAL OFFICERS

Each person who has been designated by the Board of Directors of Universal Forest Products, Inc. (the "Company") as a senior financial officer of the Company shall, as a condition of employment by the Company, be required to sign and deliver to the Company the following statement:

In my role as a senior financial officer of Universal Forest Products, Inc. (the "Company"), I certify to the Company and the Audit Committee of the Board of Directors of the Company, that I adhere to and advocate the following principles and responsibilities governing my professional and ethical conduct, and to the best of my knowledge and ability:

1. I act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.

2. I provide constituents with information that is accurate, complete, objective, relevant, timely, and understandable.

3. I comply with rules and regulations of federal, state, and local governments, and other appropriate private and public regulatory agencies.

4. I act in good faith, responsibly, with due care, competence, and diligence, without misrepresenting material facts or allowing my independent judgment to be subordinated or otherwise compromised.

5. I respect the confidentiality of information acquired in the course of my work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of my work is not used for my personal advantage.

6. I share knowledge and maintain skills important and relevant to my constituents' needs.

7. I proactively promote ethical behavior among my professional peers.

8. I comply with and adhere to each and all of the Company's policies and practices, including those policies governing accounting and financial reporting practices and procedures.

/s/ Eric S. Maxey	January 15, 2003
(signature)	Dated

EXHIBIT 21

LIST OF REGISTRANT'S SUBSIDIARIES AND AFFILIATES

1. Advanced Component Systems LLC, a Michigan Limited Liability Company.

2. D&L Framing, LLC, a Nevada Limited Liability Company (50% owned).

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

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

5. Indianapolis Real Estate, L.L.C., a Michigan Limited Liability Company.

6. Norpac Construction, L.L.C., a Nevada Limited Liability Company (75% owned).

7. Pinelli Universal, S. de R.L. de C.V., a Mexican Corporation (50% owned).

8. Shawnlee Construction LLC, a Michigan Limited Liability Company (50% owned).

9. Treating Services of Minnesota, LLC, a Michigan Limited Liability Company.

10. Tresstar, LLC, a Michigan Limited Liability Company.

11. UFP Framing LLC, a Michigan Limited Liability Company.

12. UFP Framing of Florida, LLC, a Michigan Limited Liability Company.

13. UFP Insurance Ltd., an exempted company organized under the laws of Bermuda.

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

15. UFP Transportation, Inc., a Michigan Corporation.

16. UFP Ventures, Inc., a Michigan Corporation.

17. UFP Ventures II, Inc., a Michigan Corporation.

18. Universal Forest Products Canada Limited Partnership.

19. Universal Forest Products Eastern Division, Inc., a Michigan Corporation.

20. Universal Forest Products Foundation, a Michigan Nonprofit Corporation.

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

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

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

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

25. Universal Forest Products of Modesto L.L.C., a Michigan Limited Liability Company.

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

27. Universal Forest Products RMS, LLC, a Michigan Limited Liability Company.

28. Universal Forest Products Shoffner LLC, a Michigan Limited Liability Company.

29. Universal Forest Products Texas Limited Partnership.

30. Universal Forest Products Western Division, Inc., a Michigan Corporation.

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

32. Western Building Professionals, LLC, a Michigan Limited Liability

Company.

33. Western Building Professionals of California, Inc., a Michigan Corporation.

34. Western Building Professionals of California II Limited Partnership.

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Form 10-K of Universal Forest Products, Inc. and subsidiaries of our reports dated February 25, 2005, on Universal Forest Products, Inc. and subsidiaries management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Universal Forest Products, Inc. and subsidiaries included in the 2004 Annual Report to Shareholders of Universal Forest Products, Inc. and subsidiaries.

We also consent to the incorporation by reference in the Registration Statement File Numbers 33-81128, 33-81116, 33-81450, 333-60630 and 333-88056 on Form S-8 and Registration Statement File Number 333-75278 on form S-3 of our reports dated February 25, 2005, with respect to the consolidated financial statements of Universal Forest Products, Inc. and subsidiaries, Universal Forest Products, Inc. and subsidiaries management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Universal Forest Products, Inc. and subsidiaries, incorporated by reference in the Form 10-K for the year ended December 25, 2004.

/s/ Ernst & Young LLP
ERNST & YOUNG LLP
Grand Rapids, Michigan
March 10, 2005

EXHIBIT 31(A)

UNIVERSAL FOREST PRODUCTS, INC.

CERTIFICATION

I, William G. Currie, certify that:

1. I have reviewed this report on Form 10-K of Universal Forest Products, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to de designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of registrant's Board of Directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2005

/s/ William G. Currie

William G. Currie
Chief Executive Officer

EXHIBIT 31(b)

UNIVERSAL FOREST PRODUCTS, INC.

CERTIFICATION

I, Michael R. Cole, certify that:

1. I have reviewed this report on Form 10-K of Universal Forest Products, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to de designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of registrant's Board of Directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2005

/s/ Michael R. Cole

Michael R. Cole
Chief Financial Officer

EXHIBIT 32(a)

CERTIFICATE OF THE
CHIEF EXECUTIVE OFFICER OF
UNIVERSAL FOREST PRODUCTS, INC.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350):

I, William G. Currie, Chief Executive Officer of Universal Forest Products, Inc., certify, to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that:

(1) The report on Form 10-K for the year ended December 25, 2004, which this statement accompanies, fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this report on Form 10-K for the period ended December 25, 2004 fairly presents, in all material respects, the financial condition and results of operations of Universal Forest Products, Inc.

UNIVERSAL FOREST PRODUCTS, INC.

Date: March 10, 2005

By: /s/ William G. Currie

William G. Currie
Its: Chief Executive Officer

EXHIBIT 32(b)

CERTIFICATE OF THE
CHIEF FINANCIAL OFFICER OF
UNIVERSAL FOREST PRODUCTS, INC.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350):

I, Michael R. Cole, Chief Financial Officer of Universal Forest Products, Inc., certify, to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that:

(1) The report on Form 10-K for the period ended December 25, 2004, which this statement accompanies, fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this report on Form 10-Q for the period ended December 25, 2004 fairly presents, in all material respects, the financial condition and results of operations of Universal Forest Products, Inc.

UNIVERSAL FOREST PRODUCTS, INC.

Date: March 10, 2005

By: /s/ Michael R. Cole

Michael R. Cole
Its: Chief Financial Officer