UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. For the fiscal year ended December 31, 2016.

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)

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

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

Title Of Each Class	Name of Each Exchange on Which Registered
Common Stock, no par value	**The NASDAQ Global Select Market**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

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 ☒ No ☐

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ 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 a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-2 of the Act.)
Yes ☐ No ☒

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 June 24, 2016 was $1,651,008,585 computed at the closing price of $86.37 on that date.

As of February 2, 2017, 20,345,553 shares of the registrant's common stock, $1 par value, were outstanding.

Documents incorporated by reference:

(1) Certain portions of the registrant's Annual Report to Shareholders for the fiscal year ended December 31, 2016 are incorporated by reference into Part I and II of this Report.

(2) Certain portions of the registrant's Proxy Statement for its 2016 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 31, 2016
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PART I

Item 1. Business.

General Development of the Business.

Universal Forest Products, Inc. (the "Company") is a holding company with subsidiaries throughout North America, Australia, Europe, and Asia that supply wood, wood composite and other products to three primary markets: retail, industrial, and construction. The Company is headquartered in Grand Rapids, Mich., and was founded in 1955. For more information about Universal Forest Products, Inc., or its affiliated operations, go to www.ufpi.com.

Information relating to current developments in our business is incorporated by reference from our Annual Report to Shareholders for the fiscal year ended December 31, 2016 ("2016 Annual Report") under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." Selected portions of the 2016 Annual Report are filed as Exhibit 13 with this Form 10-K Report.

Financial Information About Segments.

ASC 280, *Segment Reporting* (“ASC 280”) 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.

Our operating segments consist of our North, South, West, Alternative Materials, International, idX, and Corporate divisions. Separate financial information about our segments is incorporated by reference from Note N of the Consolidated Financial Statements presented under Item 8 herein.

Narrative Description of Business.

We design, manufacture and market wood and wood-alternative products for national home centers and other retailers, structural lumber and other products for the manufactured housing industry, engineered wood components for residential and commercial construction, specialty wood packaging, components and packing materials for various industries, and customized interior fixtures used in a variety of retail stores, commercial and other structures. Each of our markets, Retail, Industrial and Construction, are discussed in the paragraphs which follow. Our locations generally serve customers representing multiple markets.

Retail. The customers comprising this market are national home center retailers, retail-oriented regional lumberyards and contractor-oriented lumberyards. Generally, terms of sale are established for annual or bi-annual periods, and orders are placed with our regional facilities in accordance with established terms. One customer, The Home Depot, accounted for approximately 20% of our total sales in fiscal 2016, 19% in 2015, and 17% in 2014.

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 factor 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 a large portfolio of outdoor living products, including wood composite decking and decorative lawn and garden products. We also sell engineered wood components to this market, which include roof trusses, wall panels and engineered floor systems (see "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 and manufacturing expertise, and service capabilities provide competitive advantages in this market.

Industrial Market. We define our industrial market as manufacturers and agricultural customers who use pallets, specialty crates, wooden boxes, and other containers used for packaging, shipping and material handling purposes, as well as various other products, used in a variety of different applications. 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 dedicated local sales teams and through national sales support efforts.

Our industrial market also includes the results of operations of idX Holdings, Inc. ("idX"). idX is a designer, manufacturer and installer of highly customized in-store environments that are used in a range of end markets. We acquired idX on September 16, 2016.

Construction Market. Our construction market is made up of customers in three submarkets - manufactured housing, residential construction and commercial construction.

The customers comprising the manufactured housing market are producers of mobile, modular and prefabricated homes and recreational vehicles (RV). Products sold to customers in this market consist primarily of roof trusses, lumber cut and shaped to the customer's specification, plywood, oriented strand 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. Our principal competitive advantages include our product knowledge, the strength of our engineering support services, the close proximity of our regional facilities to our customers, our purchasing and manufacturing expertise and our ability to provide national sales programs to certain customers. These factors have enabled us to accumulate significant market share in the products we supply. We also distribute products such as siding, electrical and plumbing products to manufactured housing and RV customers.

The customers comprising the residential construction market are primarily large-volume, multi-tract builders and smaller volume custom builders. We also supply builders engaged in multi-family and commercial construction. In addition, we supply wood forms and related products to set or form concrete for various structures including large parking garages, stadiums and bridges. Generally, terms of sale and pricing are determined based on contracts we entered into with our customers.

We currently supply customers in these markets from manufacturing facilities located in many different states. These facilities manufacture various engineered wood components used to frame residential or light commercial projects, including roof and floor trusses, wall panels, 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 turn-key package, including installation, provides a competitive advantage.

Competition in this market is primarily fragmented, but we do compete with a small number of national and regional retail contractor yards who also manufacture components and provide framing services, as well as regional manufacturers of components. We believe our primary competitive advantages relate to the engineering and design capabilities of our regional staff, purchasing and manufacturing expertise, product quality, timeliness of delivery, and financial strength.

Suppliers. We are one of the largest domestic buyers of solid sawn softwood lumber from primary producers (lumber mills). We use primarily southern yellow pine 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 and size, 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 and allowing us to obtain programs such as consigned inventory. 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.

Backlog. Due to the nature of our retail 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 31, 2016 and December 26, 2015, we estimate that backlog orders associated with our residential and commercial construction business approximated $62.6 million and $65.6 million, respectively. With respect to the former, we expect that these orders will be primarily filled within the next fiscal year; however, it is possible that some orders could be canceled.

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

Seasonality. Information required for seasonality disclosures is incorporated by reference from Item 1A. Risk Factors under the caption "*Seasonality and weather conditions could adversely affect us*."

Employees. On December 31, 2016, we had approximately 9,300 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 N "Segment Reporting" of the Consolidated Financial Statements presented under Item 8 herein.

Available Information.

Our Internet address is www.ufpi.com. Through our Internet website under "Financial Information" 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 website 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 1A. Risk Factors.

We are subject to regional, national and global economic conditions. A decline in economic conditions throughout the United States could reduce demand for our products.

We may be impacted by a decline in the value of the U.S. dollar. We purchase a variety of raw materials and finished goods from sources around the world and export certain products. The impact of a change in U.S. dollar exchange rates would impact our import purchases and export sales, which totaled $97.4 and $104.5 million, respectively, in 2016.

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 and 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 affect our sales, cost of materials, and gross profits. Our products are generally priced to the customer based on a quoted, fixed selling price or "indexed" to the Lumber Market with a fixed dollar adder to cover conversion costs and profit. The impact on our profitability from changes in lumber prices is discussed in the "Historical Lumber Prices" and "Impact of the Lumber Market on Our Operating Results" captions of our Management's Discussion and Analysis of Financial Condition and Results of Operations section under Item 7 of this Form 10-K. Our material costs as a percentage of sales were 67.8%, 68.7%, and 71.3% in 2016, 2015, 2014, respectively, and lumber comprises approximately 59% of material costs.

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 sales and margin goals, particularly on sales to the residential and commercial construction and manufactured housing markets, is impacted by housing starts and industry production of manufactured homes. If housing starts and manufactured housing production declines significantly, our financial results could be negatively impacted.

A significant portion of our sales are concentrated with one customer. Our sales to The Home Depot comprised 20% of our total sales in 2016, 19% in 2015, and 17% in 2014.

Economic and credit market conditions impact our ability to collect a greater percentage of our receivables. Economic and credit conditions may impact our bad debt expense. We continue to monitor our customers' credit profiles carefully and make changes in our terms when necessary in response to this risk. Bad debt expense as a percentage of sales was 0.06%, 0.05%, and 0.06% in 2016, 2015, and 2014, respectively.

We may be impacted by vertical integration strategies. In certain markets and product lines, our customers or vendors could pursue vertical integration strategies that could have an adverse effect on our sales. We strive to add value and be a low-cost producer while maintaining competitive pricing in each of our markets to mitigate this risk.

We may be impacted by excess capacity among suppliers. There is excess capacity among suppliers of certain products in each of the markets we serve. Our selling prices and gross margins have been and are likely to continue to be impacted by this excess capacity.

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, which restrict our ability to manufacture and market our products, including our treated lumber products, it could adversely affect our sales and profits. Changes in the interpretation of existing laws could also adversely impact our financial results.

The current version of federal health care legislation may significantly increase our costs. The federal health care legislation enacted in 2010 and future regulations called for under the legislation may have a significant cost implication for our company. Our total health care costs totaled approximately $52.7 million, $41.3 million, and $34.8 million in 2016, 2015, and 2014, respectively.

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. In addition, the majority of our products sold to the Retail and Construction markets are used or installed in outdoor construction applications; therefore, short-term sales volume, productivity and gross profits can be negatively affected by adverse weather conditions, particularly in our first and fourth quarters.

Inbound and outbound transportation costs represent a significant part of our cost structure. An increase in fuel and other operating expenses will significantly increase our costs. While we attempt to pass these costs along to our customers, there can be no assurance that they would agree to these price increases. Our total inbound and outbound transportation costs were approximately 9.6%, 9.9%, and 10.4% of sales in 2016, 2015, and 2014, respectively.

New alternatives may be developed to replace traditional treated wood products. The manufacturers of wood preservatives continue to develop new preservatives. While we believe treated products are reasonably priced relative to alternative products such as composites or vinyl, new alternatives may impact the sales of treated wood products. In addition, new preservatives could increase our cost of treating products in the future. See Footnote N "Segment Reporting" within the Notes to Consolidated Financial Statements for our sales by product category.

We may be adversely affected by the impact of the duties related to the Softwood Lumber Agreement with Canada. A 90 day retroactive duty may be applied to purchases of Spruce Pine from Canada. The scheduled February 2017 meeting, between the U.S. and Canadian governments, was recently postponed to late April 2017 to discuss the above mentioned retroactive duty.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Our corporate headquarters building is located in suburban Grand Rapids, Michigan. We currently have approximately 118 facilities located throughout the United States, Canada, Mexico, Europe, Asia, and Australia. Depending upon function and location, these facilities typically utilize office, manufacturing, and indoor and outdoor storage space. Of these facilities, approximately 8 facilities are closed and are currently listed for sale or are being leased.

We own all of our properties, free from any significant mortgage or other encumbrance, except for approximately 24 facilities which are leased. We believe all of these operating facilities are adequate in capacity and condition to service our existing markets.

Item 3. Legal Proceedings.

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

Item 4. Mine Safety Disclosures.

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, 2017. 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
Matthew J. Missad	56	Chief Executive Officer, Universal Forest Products, Inc.
Patrick M. Webster	57	President and Chief Operating Officer, Universal Forest Products, Inc.
Michael R. Cole	50	Chief Financial Officer and Treasurer, Universal Forest Products, Inc.
Allen T. Peters	49	President, UFP Western Division, Inc.
Patrick Benton	47	President, UFP Northern Division, Inc.
Jonathan West	46	President, UFP Southern Division, Inc.
Robert D. Coleman	62	Executive Vice President of Manufacturing, Universal Forest Products, Inc.
C. Scott Greene	60	Executive Vice President of Marketing
Donald L. James	57	Executive Vice President of National Sales
Michael F. Mordell	59	Executive Vice President of International Operations
Chad C. Uhlig Eastin	45	Executive Vice President of Purchasing

Matthew J. Missad joined us in 1985. In February 1996, Mr. Missad was promoted to Executive Vice President of the Company. On July 13, 2011, Mr. Missad became Chief Executive Officer of the Company.

Patrick M. Webster joined us in 1985. Mr. Webster became Vice President of the Far West Region in 1999, on July 1, 2007, he became President of UFP Western Division, Inc., and on January 1, 2009 became President and Chief Operating Officer of the Company.

Michael R. Cole, CPA, CMA, joined us in 1993. In December 1999, he was promoted to Vice President of Finance. On July 19, 2000, Mr. Cole became Chief Financial Officer of the Company.

Allen T. Peters joined us in 1997. In 2004 he became the General Manager of Operations of our plant in Harrisonville, MO and in 2007 became Regional Vice President of our Gulf Region. On January 1, 2011, Mr. Peters became President of UFP Western Division, Inc.

Patrick M. Benton joined us in 1993. In 2008 he became Operations Vice President of the South Texas Region, and on July 1, 2014, he became Executive Vice President of UFP Eastern Division – North.

Jonathan E. West joined us in 1994. In 2007 he became Regional Vice President of the Southeast Region, and on July 1, 2014, he became Executive Vice President of UFP Eastern Division – South.

Robert D. Coleman, joined us in 1979. On January 1, 1999, Mr. Coleman was named the Executive Vice President of Manufacturing of the Company.

C. Scott Greene joined us in 1991. In 2000, Mr. Greene became President of UFP Eastern Division, Inc. On October 1, 2011, Mr. Greene became Executive Vice President of New Business Development and on October 14, 2013, he became Executive Vice President of Marketing.

Donald L. James joined us in 1998. On October 1, 2011, Mr. James became Executive Vice President of National Sales. Before this, he was Regional Vice President of operations in UFP Eastern Division, Inc.

Michael F. Mordell joined us in 1993. In 1999 he became Executive Vice President of Purchasing of Universal Forest Products Western Division, Inc. In November 2007, he became General Manager of Operations for our facility in Lafayette, CO, and on January 1, 2010, Mr. Mordell became Executive Vice President of Purchasing. On October 1, 2016, he became Executive Vice President of International Operations.

Chad C. Uhlig Eastin joined us in 1998. In 2007, he became General Manager of Operations of our plant in Chandler, AZ, and in 2014 he became Operations Vice President of our Mountain West Region, and became Regional Vice President of that region in 2015. On October 1, 2016, Mr. Eastin became the Executive Vice President of Purchasing for the Company.

PART II

The following information items in this Part II, which are contained in the 2016 Annual Report, are specifically incorporated by reference into this Form 10-K Report. These portions of the 2016 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 2016 Annual Report under the captions "Price Range of Common Stock and Dividends" and "Stock Performance Graph."

There were no sales of unregistered securities during the last three years.

(b) Not applicable.

(c) Issuer purchases of equity securities during the fourth quarter.

Fiscal Month	(a)	(b)	(c)	(d)
September 25 – October 29, 2016	—	—	—	2,869,603
October 30 – November 26, 2016	—	—	—	2,869,603
November 27 – December 31, 2016	—	—	—	2,869,603

(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.

On November 14, 2001 the Board of Directors approved a share repurchase program (which succeeded a previous program) allowing us to repurchase up to 2.5 million shares of our common stock. On October 14, 2010, our Board authorized an additional 2 million shares to be repurchased under our share repurchase program. The total number of remaining shares that may be repurchased under the program is approximately 2.9 million.

Item 6. Selected Financial Data.

The information required by this Item is incorporated by reference from the 2016 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 2016 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 31, 2016, the estimated fair value of our long-term debt, including the current portion, was $111.6 million. 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 as these debt instruments have interest rates that fluctuate with current market conditions.

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

	2017	2018	2019	2020	2021	Thereafter	Total
($US equivalents, in thousands)							
Long-term Debt:							
Fixed Rate ($US)	618	256	149	132	28	$ 75,000	$ 76,183
Average interest rate	5.76%	5.76%	5.76%	5.76%	5.76%	3.94%	
Variable Rate ($US)	2,016	136	23,860	2,700	$ —	$ 7,000	$ 35,712
Average interest rate(1)	5.30%	5.30%	1.70%	0.60%		0.55%	

(1) Average of rates at December 31, 2016.

Item 8. Financial Statements and Supplementary Data.

The information required by this Item is incorporated by reference from the 2016 Annual Report under the following captions:

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

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

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 31, 2016 (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 2016 Annual Report under the caption "Management's Annual Report on Internal Control Over Financial Reporting" and is incorporated herein by reference. Our independent registered public accounting firm's attestation Report on our internal control over financial reporting is also included in the 2016 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 31, 2016, 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, Executive Officers and Corporate Governance.

Information relating to our directors, compliance with Section 16(a) of the Securities and Exchange Act of 1934 and various corporate governance matters is incorporated by reference from our definitive Proxy Statement for the year ended December 31, 2016 for the 2017 Annual Meeting of Shareholders, as filed with the Commission ("2017 Proxy Statement"), under the captions "Election of Directors," "Corporate Governance and Board Matters," and "Section 16(a) Beneficial Ownership Reporting Compliance." 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 our code of ethics is included in this report in Part I, Item 1 under the caption "Available Information".

Item 11. Executive Compensation.

Information relating to director and executive compensation is incorporated by reference from the 2017 Proxy Statement under the caption "Executive Compensation." The "Personnel and Compensation Committee Report" included in the 2017 Proxy Statement is incorporated hereby by reference for the purpose of being furnished herein and is not and shall not be deemed to be filed under the Securities Exchange Act of 1934, as amended.

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 2017 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 31, 2016, 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)] [1]
	(a)	(b)	(c)
Equity compensation plans approved by security holders	—	$ —	3,341,606
Equity compensation plans not approved by security holders	none		

[1] The number of shares remaining available for future issuance under equity compensation plans, excluding outstanding options, warrants, or similar rights, as of December 31, 2016, is as follows: 106,463 shares for our Employee Stock Purchase Plan, 40,327 shares for our Directors' Retainer Stock Plan, and 4,764 shares for our Employee Stock Gift Program. In addition, of the remaining 3,190,052 shares available for future issuance under our Long-Term Stock Incentive Plan, those awards may be made in the form of options as well as stock appreciation rights, restricted stock, performance shares, or other stock-based awards.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information relating to certain relationships and related transactions, and director independence is incorporated by reference from the 2017 Proxy Statement under the captions "Election of Directors", “Affirmative Determination Regarding Director Independence and Other Matters” and "Related Party Transactions."

Item 14. Principal Accountant Fees and Services.

Information relating to the types of services rendered by our Independent Registered Public Accounting Firm and the fees paid for these services is incorporated by reference from our 2017 Proxy Statement under the caption "Independent Registered Public Accounting Firm – Disclosure of Fees.”

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) 1. Financial Statements. The following are incorporated by reference, under Item 8 of this report, from the 2016 Annual Report:

Management’s Annual Report on Internal Control Over Financial Reporting
Report of Independent Registered Public Accounting Firm
Report of Independent Registered Public Accounting Firm
Consolidated Statements of Earnings and Comprehensive Income
Consolidated Statements of Shareholders' Equity
Consolidated Statements of Cash Flows
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 1, 2017

UNIVERSAL FOREST PRODUCTS, INC.

By: /s/ Matthew J. Missad

Matthew J. Missad,
Chief Executive Officer and
Principal Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 1st day of March, 2017, by the following persons on behalf of us and in the capacities indicated.

By: /s/ Matthew J. Missad

Matthew J. Missad,
Chief Executive Officer and
Principal Executive Officer

/s/ Michael R. Cole

Michael R. Cole,
Chief Financial Officer,
Principal Financial Officer and
Principal Accounting Officer

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/ William G. Currie
William G. Currie, Director

s/ John M. Engler
John M. Engler, Director

/s/ Gary F. Goode
Gary F. Goode, Director

/s/ Bruce A. Merino
Bruce A. Merino, Director

/s/ Matthew J. Missad
Matthew J. Missad, Director

/s/ Thomas W. Rhodes
Thomas W. Rhodes, Director

/s/ Mary E. Tuuk
Mary E. Tuuk, Director

/s/ Brian C. Walker
Brian C. Walker, Director

/s/ Michael G. Wooldridge
Michael G. Wooldridge, 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)	Amended Bylaws
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.
10	Material Contracts.	
	*(a)(6)	Form of Conditional Share Grant Agreement utilized under the Company's Long Term Stock Incentive Plan was filed as Exhibit 10(a)(6) to a Form 10-K, Annual Report for the year ended December 25, 2010 and the same is incorporated herein by reference.
	*(a)(9)	Consulting and Non-Compete Agreement with Michael B. Glenn, dated June 20, 2011 was filed as Exhibit 10(a)(9) to a Form 10-K, Annual Report for the year ended December 31, 2011 and the same is incorporated herein by reference.
	(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)	Performance Bonus Plan Summary Plan Description was filed as Exhibit 10(f) to a Form 10-K, Annual Report for the year ended December 25, 2010 and the same is incorporated herein by reference.
	*(g)	Universal Forest Products, Inc. Deferred Compensation Plan as amended and restated effective June 1, 2011 was filed as Exhibit 10(g) to a Form 10-K, Annual Report for the year ended December 31, 2011 and the same is incorporated herein by reference.
	*(h)	Executive Stock Grant Program was filed as Exhibit 10(h) to a Form 10-K, Annual Report for the year ended December 31, 2011 and the same is incorporated herein by reference. Fourth Amendment to the Universal Forest Products, Inc. Executive Stock Grant Program.
	(i)(1)	Credit Agreement dated November 3, 2014 was filed as Exhibit 10(1) to a Form 8-K Current Report dated November 7, 2014 and the same is incorporated herein by reference.
	(k)	Note Purchase Agreement dated December 17, 2012 was filed as Exhibit 10(k) to a Form 8-K Current Report dated December 17, 2012 and the same is incorporated herein by reference.
	(l)	Universal Forest Products, Inc. 2002 Employee Stock Purchase Plan was filed as Exhibit 10(l) to a Form 10-K, Annual Report for the year ended December 27, 2014 and the same is incorporated herein by reference.
	(m)	Universal Forest Products, Inc. Director Retainer Stock Plan

	(n)	Universal Forest Products, Inc. Amended and Restricted Long Term Stock Incentive Plan in incorporated by reference from Appendix A to the Company's proxy statement dated and filed with the Commission on March 6, 2012.
	(o)	Amended and restated agreement and plan of merger by and among Universal Forest Products, Inc., UFP Apple Merger Sub, Inc., idX Holdings, Inc. dated September 7, 2016 and filed as Exhibit 10(o) to Form 10-Q, quarter ended September 24, 2016, and the same is incorporated herein by reference.
13	Selected portions of the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2016.	
14	Code of Ethics for Senior Financial Officers	
	(a)	Code of Ethics for Chief Financial Officer was filed as Exhibit 14(a) to a Form 10-K, Annual Report for the year ended December 25, 2010 and the same is incorporated herein by reference.
21	Subsidiaries of the Registrant.	
23	Consent of Deloitte & Touche 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).
101	Interactive Data File.	
	(INS) XBRL Instance Document.	
	(SCH) XBRL Schema Document.	
	(CAL) XBRL Taxonomy Extension Calculation Linkbase Document.	
	(LAB) XBRL Taxonomy Extension Label Linkbase Document.	
	(PRE) XBRL Taxonomy Extension Presentation Linkbase Document.	
	(DEF) XBRL Taxonomy Extension Definition Linkbase Document.	

* Indicates a compensatory arrangement.

BYLAWS
of
UNIVERSAL FOREST PRODUCTS, INC.
A Michigan Corporation
(As amended through January 27, 2017)

ARTICLE I. OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be as specified in the Articles of Incorporation. The Corporation shall keep records containing the names and addresses of all shareholders, the number, class and series of shares held by each, and the dates when they respectively became holders of record thereof, at its registered office or at the office of its transfer agent.

Section 2. Other Offices. The business of the Corporation may be transacted in such locations other than the registered office, within or outside the State of Michigan, as the Board of Directors may from time to time determine.

ARTICLE II. CAPITAL STOCK

Section 1. Stock Certificates. Certificates representing shares of the Corporation shall be in such form as is approved by the Board of Directors. Certificates shall be signed by the Chairman of the Board of Directors, Vice Chairman of the Board of Directors, Chief Executive Officer, President or a Vice President, and by the Treasurer, Assistant Treasurer, Secretary or Assistant Secretary of the Corporation, and shall be sealed with the seal of the Corporation, or a facsimile thereof, if one be adopted. The signatures of the officers may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation itself, or its employees. In the event an officer who has signed, or whose facsimile signature has been placed upon, a certificate ceases to be such officer before the certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of issue.

Section 2. Replacement of Lost or Destroyed Certificates. In the event of the loss or destruction of a stock certificate, no new certificate shall be issued in place thereof until the Corporation has received from the registered holder such assurances, representations, warranties and/or guarantees as the Board of Directors, in its sole discretion, shall deem advisable, and until the Corporation receives sufficient indemnification protecting it against any claim that may be made on account of such lost or destroyed certificate, or the issuance of any new certificate in place thereof, including an indemnity bond in such amount and with sureties, if any, as the Board of Directors, in its sole discretion, deems advisable. Any new certificate issued in place of any such lost or destroyed certificate shall be plainly marked "duplicate" upon its face.

Section 3. Transfer of Shares. Shares of stock of the Corporation shall be transferrable only upon the books of the Corporation. The old certificates shall be surrendered to the Corporation by delivery thereof to the person in charge of the stock transfer books of the Corporation, or to such other person as the Board of Directors may designate, properly endorsed for transfer, and such certificates shall be cancelled before a new certificate is issued. The Corporation shall be entitled to treat the person in whose name any share, right or option is registered as the owner thereof for all purposes, and shall not be bound to recognize any equitable or other claim with respect thereto, regardless of any notice thereof, except as may be specifically required by the laws of the State of Michigan.

Section 4. Rules Governing Stock Certificates. The Board of Directors shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration of certificates of stock, and may appoint a transfer agent and a registrar of transfer, and may require all such certificates to bear the signature of such transfer agent and/or such registrar of transfers.

Section 5. **Record Date for Stock Rights**. The Board of Directors may fix, in advance, a date not exceeding sixty (60) days preceding the date of payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the shareholders entitled to receive payment of any such dividends, or any such allotment of rights, or to exercise the rights with respect to any such change, conversion, or exchange of capital stock; and in such case, only shareholders of record on the date so fixed shall be entitled to receive payment of such dividends, or allotment of rights, or exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date is fixed.

In the event the Board of Directors shall fail to fix a record date as provided in this Section 5 of Article II, the record date for the purposes specified herein shall be the close of business on the day on which the resolution of the Board of Directors relating thereto is adopted.

Section 6. **Dividends**. The Board of Directors, in its discretion, may from time to time declare and direct payment of dividends or other distributions upon its outstanding shares out of funds legally available for such purposes, which dividends may be paid in cash, the Corporation's bonds or the Corporation's property, including the shares or bonds of other corporations. In the event a dividend is paid or any other distribution made, in any part, from sources other than earned surplus, payment or distribution thereof shall be accompanied by written notice to the shareholders (a) disclosing the amounts by which the dividend or distribution affects stated capital, capital surplus and earned surplus, or (b) if such amounts are not determinable at the time of the notice, disclosing the approximate effect of the dividend or distribution upon stated capital, capital surplus and earned surplus, and stating that the amounts are not yet determinable.

In addition to the declaration of dividends and other distributions provided in the preceding paragraph of this Section 6 of Article II, the Board of Directors, in its discretion, from time to time may declare and direct the payment of a dividend in shares of this Corporation, upon its outstanding shares, in accordance with and subject to the provisions of the Michigan Business Corporation Act. A share dividend or other distribution of shares of the Corporation shall be accompanied by a written notice to shareholders (a) disclosing the amounts by which the distributions affects stated capital, capital surplus and earned surplus, or (b) if such amounts are not determinable at the time of the notice, disclosing the approximate effect of the distribution upon stated capital, capital surplus and earned surplus, and stating that the amounts are not yet determinable.

Section 7. **Acquisition of Shares**. Subject to the limitations of the Michigan Business Corporation Act, the Board of Directors may authorize the Corporation to acquire its own shares, and shares so acquired shall constitute authorized but unissued shares.

Section 8. **Redemption of Control Shares**. Control shares acquired in a control share acquisition, with respect to which no acquiring person statement has been filed with the Corporation, shall, at any time during the period ending 60 days after the last acquisition of control shares or the power to direct the exercise of voting power of control shares by the acquiring person, be subject to redemption by the Corporation. After an acquiring person statement has been filed with the Corporation, and after the meeting at which the voting rights of the control shares acquired in a control share acquisition are submitted to the shareholders, the shares shall be subject to redemption by the Corporation unless the shares are accorded full voting rights by the shareholders as provided in Section 798 of the Michigan Business Corporation Act or any successor provision thereof. Redemptions of shares pursuant to this Section 8 of Article II of the Bylaws shall be at the fair value of the shares pursuant to procedures adopted by the Board of Directors of the Corporation.

The terms "control shares," "control share acquisition," "acquiring person statement," "acquiring person" and "fair value" as used in this Section 8 of Article II of the Bylaws, shall have the meanings ascribed to them, respectively, in Chapter 7B of the Michigan Business Corporation Act or any successor provision thereof.

ARTICLE III. SHAREHOLDERS

Section 1. **Place of Meetings**. Meetings of shareholders shall be held at the registered office of the Corporation or at such other place, within or outside the State of Michigan, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that a meeting of the shareholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by, and subject to the corresponding provisions of, the Michigan Business Corporation Act.

Section 2. **Annual Meeting**. Annual meetings of shareholders for the election of directors and for such other business as may come before the meeting shall be held on a date not later than 180 days after the end of the immediately preceding fiscal year, which date shall be determined by the Board of Directors. If the annual meeting is not held on the designated date, the Board of Directors shall cause a meeting to be held as soon thereafter as convenient.

Section 3. **Special Meetings**. Special meetings of shareholders may be called by the Chairman of the Board, the Chief Executive Officer or the Secretary, and shall be called by either of them pursuant to resolution therefor by the Board of Directors.

Section 4. **Record Date for Notice and Voting**. For the purpose of determining shareholders entitled to notice of and to vote at a meeting of shareholders or an adjournment of a meeting, the Board of Directors may fix a record date which shall not precede the date on which the resolution fixing the record date is adopted by the Board. The date shall be not more than sixty (60) nor less than ten (10) days before the date of the meeting. If a record date is not fixed, the record date for determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be the close of business on the day next preceding the day on which notice is given or, if no notice is given, the day next preceding the day on which the meeting is held. When a determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders has been made as provided in this Section 4, the determination applies to any adjournment of the meeting, unless 'the Board fixes a new record date under this section for the adjourned meeting.

For the purpose of determining shareholders entitled to express consent to or to dissent from a proposal without a meeting, the Board of Directors may fix a record date which shall not precede the date on which the resolution fixing the record date is adopted by the Board and shall be not more than ten (10) days after the Board resolution. If a record date is not fixed and prior action by the Board is required with respect to the corporate action to be taken without a meeting, the record date shall be the close of business on the day on which the resolution of the Board is adopted. If a record date is not fixed and prior action by the Board is not required, the record date shall be the first date on which a signed written consent is delivered to the Corporation as provided in Section 407 of the Michigan Business Corporations Act.

Section 5. **Notice of Shareholder Meetings**. Written notice of the time, place and purposes of any meeting of shareholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each shareholder of record entitled to vote at the meeting, Such notice may be given either by delivery in person to such shareholders or by mailing such notice to shareholders at their addresses as the same appear on the stock books of the Corporation.

A shareholder's attendance at a meeting, in person or by proxy, constitutes a waiver of his objection to lack of notice or defective notice of the meeting unless, at the beginning of the meeting, the shareholder objects to holding the meeting or transacting business at the meeting, and constitutes a waiver of his objection to consideration of a particular, matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

Section 6. **Voting Lists**. The Corporation's officer or agent having charge of its stock transfer books shall prepare and certify a complete list of the shareholders entitled to vote at a shareholders' meeting or any adjournment thereof, which list shall be arranged alphabetically within each class and series, and shall show the address of, and the number of shares held by each shareholder. The list shall be produced at the time and place of the meeting of shareholders and be subject to inspection by any shareholder at any time during the meeting. If for any reason the requirements with respect to the shareholder list specified in this Section 6 of Article III have not been complied with, any shareholder, either in person or by proxy, who in good faith challenges the existence of sufficient votes to carry any action at the meeting, may demand that the meeting be adjourned and the same shall be adjourned until the requirements are complied with; provided, however, that failure to comply with such requirements does not affect the validity of any action taken at the meeting before such demand is made.

Section 7. **Voting**.

(A) General. Except as may otherwise be provided in the Articles of Incorporation, each shareholder entitled to vote at a meeting of shareholders, or to express consent or dissent without a meeting, shall be entitled to one (1) vote, in person or by proxy, for each share of stock entitled to vote held by such shareholder; provided, however, no proxy shall be voted after three (3) years from its date unless such proxy provides for a longer period. A vote may be cast either orally or in writing as announced or directed by the chairperson of the meeting prior to the taking of the vote. When an action other than the election of directors is to be taken by vote of the shareholders, it shall be authorized by a majority of the votes cast by the holders of shares entitled to vote thereon, unless a greater plurality is required by express requirement of the Michigan Business Corporation Act or of the Articles of Incorporation, in which case such express provision shall govern and control the decision of such question.

(B) Election of Directors. The vote required for the election of a director shall, except in a contested election, be the affirmative vote of a majority of the votes cast in the election of a nominee. For purposes of this Section 7(B), a "majority of the votes cast" shall mean that the number of votes cast "for" a director's election exceeds the number of votes cast "against" that director's election, with "abstentions" and "broker nonvotes" not counted as votes cast either "for" or "against" that director's election. In a contested election, directors shall be elected by a plurality of the votes cast at a meeting of shareholders. An election shall be considered contested if there are more nominees for election than positions on the Board of Directors to be filled by election at that meeting.

In any non-contested election of directors, any incumbent director nominee who receives a greater number of votes cast against his or her election than in favor of his or her election shall immediately tender his or her resignation to the Board. The Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation or whether other action should be taken. The Board will act on the Committee's recommendation and publicly disclose its decision within 90 days from the date of the certification of the election results for that meeting.

Section 8. **Quorum**. Shares equaling a majority of all of the voting shares of the capital stock of the Corporation issued and outstanding represented in person or by proxy, shall constitute a quorum at the meeting. Meetings at which less than a quorum is represented may be adjourned by a vote of a majority of the shares present to a further date without further notice other than the announcement at such meeting, and when the quorum shall be present upon such adjourned date, any business may be transacted which might have been transacted at the meeting as originally called. Shareholders present in person or by proxy at any meeting of shareholders may continue to do business until adjournment, notwithstanding the withdrawal of shareholders to leave less than a quorum.

Section 9. **Conduct of Meetings**. The Chairman of the Board of Directors of the Corporation or his designee shall call meetings of the shareholders to order and shall act as chairman of such meetings unless otherwise determined by the affirmative vote of a majority, of all the voting shares of the capital stock of the Corporation issued and outstanding. The Secretary of the Corporation shall act as secretary of all meetings of shareholders, but in the absence of the Secretary at any meeting of shareholders, or his inability or refusal to act as secretary, the presiding officer may appoint any person to act as secretary of the meeting.

Section 10. **Inspector of Elections**. The Board of Directors may, in advance of a meeting of shareholders, appoint one or more inspectors to act at the meeting or any adjournment thereof. In the event inspectors are not so appointed, or an appointed inspector fails to appear or act, the person presiding at the meeting of shareholders may, and on request of a shareholder entitled to vote shall, appoint one or more persons to fill such vacancy or vacancies, or to act as inspector. The inspector(s) shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots or consents, determine the results, and do such acts as are proper to conduct the election or vote with fairness to all shareholders.

Section 11. **Advance Notice of Shareholder Business and Director Nominations**.

(A) Notification of Shareholder Proposals Other than Director Nomination. Exclusive of director nominations by shareholders (which shall be governed by Section 5 of Article VII of the Corporation's Restated and Amended Articles of Incorporation ("AOI Section 5") and Subsection 11(B) below), the Board of Directors of the Corporation shall submit for consideration and vote by the shareholders, at any meetings of the shareholders, only those proposals that are first brought before the meeting by or at the direction of the Board of Directors, or by any shareholder entitled to vote at such meeting (i) who submits to the Corporation a timely notice of proposal in accordance with the requirements of this Section 11(A) ("Notice of Proposal") and the proposal is a proper subject for action by shareholders under Michigan law, or (ii) whose proposal is included in the Corporation's proxy materials in compliance with all the requirements set forth in the applicable rules and regulations in the Securities and Exchange Commission.

Any shareholder submitting a Notice of Proposal, including the beneficial owner, if any, on whose behalf the proposal is made, must set forth:

(1) The name and address of the shareholder as they appear on the Corporation's books and records, of such beneficial owner, if any, and of their respective affiliates and associates or others acting in concert therewith;

(2) A representation that the shareholder (i) is a holder of record of stock of the Corporation entitled to vote at such meeting, (ii) will continue to hold such stock through the date on which the meeting

is held, and (iii) intends to appear in person or by proxy at the meeting to submit the proposal for shareholder vote;

(3) A brief description of the proposal desired to be submitted to the meeting for shareholder vote, the reasons for conducting such business at the meeting and any material interest of such shareholder and beneficial owner, if any, in such business;

(4) The text of the proposal or business (including the text of any resolutions proposed for consideration); and

(5) A description of all agreements, arrangements, and understandings between such shareholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such shareholder.

A Notice of Proposal must be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day and not later than the close of business on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting of shareholders; provided, however, that in the event the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by such shareholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to the date of such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than one hundred (100) days prior to the date of such annual meeting, the tenth (10th) day following the day on which the public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting, or the public announcement thereof, commence a new time period for the giving of a shareholder's Notice of Proposal as described above.

In addition, to be timely, a shareholder's Notice of Proposal must be updated and supplemented, if necessary, so that the information provided or required to be provided in such Notice of Proposal shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date of the meeting, and the adjournment or postponement thereof in the case of the update and supplement required to be made as of the ten (10) business days prior to the meeting or any adjournment or postponement thereof.

(B) Additional Information to be Provided by Shareholders Submitting Proposals or Director Nominations.

(1) To be in proper form, a shareholder's Notice of Proposal given pursuant to Section 11(A) of these Bylaws, and a shareholder nomination given pursuant to AOI Section 5, must include the following, as applicable.

(a) As to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, a shareholder's notice must set forth that shareholder's "Equity and Related Interests Notice," as defined in Section 11(C)(1) below.

(b) As to each person, if any, whom the shareholder proposes to nominate for election or reelection to the Board of Directors, a shareholder's notice must, in addition to the matters set forth in paragraph (a) above and AOI Section 5 (i) include the "Shareholder and Nominee Information Notice" as defined in Section 11(C)(2) below, and (ii) include a completed and signed questionnaire, representation and agreement required by Section 11(B)(2) of these Bylaws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee.

(2) To be eligible to be a nominee for election or reelection as a director of the Corporation (or, in the case of a nomination brought under Rule 14a-11 of the Exchange Act, to serve as a director of the Corporation), a person must deliver (in accordance with the time periods described for delivery of notice under AOI Section 5, or in the case of a nomination brought under Rule 14a-11 of the Exchange Act, prior to the time such person is to begin service as a director) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written Representation Agreement (as defined in Section 11(C)(3) below), and in the form provided by the Secretary upon written request.

(3) Nothing in these Bylaws shall be deemed to affect any rights (a) of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act, or (b) of shareholders to request inclusion of nominees in the Corporation's proxy statement pursuant to Rule 14a-11 under the Exchange Act. Subject to Rule 14a-8 and Rule 14a-11 under the Exchange Act, nothing in these Bylaws shall be construed to permit any shareholder, or give any shareholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of director or directors or any other business proposal.

(C) <u>Definitions</u>. The following terms shall be defined as follows:

(1) <u>"Equity and Related Interests Notice</u>" shall mean a notice that includes (i) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such shareholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (ii) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation, through the delivery of cash or other property, or otherwise, and without regard to whether the shareholder of record, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a "Derivative Instrument") directly or indirectly owned beneficially by such shareholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (iii) any proxy, contract, arrangement,

understanding, or relationship pursuant to which such shareholder has a right to vote any class or series of shares of the Corporation, (iv) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, engaged in, directly or indirectly, by such shareholder, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such shareholder with respect to any class or series of the shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Corporation (any of the foregoing, "Short Interests"), (v) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such shareholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (vi) any performance-related fees (other than an asset-based fee) that such shareholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including without limitation any such interests held by members of such shareholder's immediate family sharing the same household, and (vii) any direct or indirect interest of such shareholder in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement).

(2) "Shareholder and Nominee Information Notice" shall mean a notice that includes a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such shareholders and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the shareholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant.

(3) "Representation Agreement" shall mean a written representation and agreement that such person (a) is not and will not become a party to (i) any agreement with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Agreement") that has not been disclosed to the Corporation, or (ii) any Voting Agreement that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Corporation, and (c) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

ARTICLE IV. DIRECTORS

Section 1. **Board of Directors**. Except as may otherwise be provided in the Articles of Incorporation or these Bylaws, the business and affairs of the Corporation shall be managed by a Board of Directors. The size of the Board, the classification of the Board, the manner of filling vacancies occurring in the Board, nominations for directors, and removal of directors shall be as provided for in the Corporation's Articles of Incorporation.

Section 2. **Place of Meetings and Records**. The directors shall hold their meetings, and maintain the minutes of the proceedings of meetings of shareholders, Board of Directors, and executive and other committees, if any, and keep the books and records of account for the Corporation, in such place or places, within or outside the State of Michigan, as the Board may from time to time determine.

Section 3. **Annual Meetings of Directors**. The newly elected Directors shall hold their first meeting, without notice other than these Bylaws, at the same place and immediately after the annual meeting of the Shareholders at which they are elected, or the time and place of such meeting may be fixed by consent in writing of all the Directors.

Section 4. Regular Meetings of the Board. Regular meetings of the Board of Directors may be held at such times and places and pursuant to such notice, if any, as may be established from time to time by resolution of the Board of Directors.

Section 5. **Special Meetings of the Board**. Special meetings of the Board of Directors may be called by the Chairman of the Board, the Chief Executive Officer or the Secretary, and shall be called by one of them upon the written request of a majority of the Directors. Written notice of the time and place of special meetings of the Board shall be delivered personally or mailed by first class or electronic mail (e-mail) to each director at least forty-eight (48) hours prior thereto. Attendance of a Director at a special meeting constitutes a waiver of notice of the meeting, except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. **Meeting Participation By Means of Communication Equipment**. Members of the Board of Directors or any committee designated by the Board of Directors may participate in the meeting of the Board of Directors or of such committee by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 6 of Article IV shall constitute presence in person at such meeting.

Section 7. **Quorum and Vote**. At all meetings of the Board or a committee thereof, a majority of the members of the Board of Directors then in office or members of such committee, but not less than two (2) (if there are at least two (2) members of the Board or such committee), shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Board of Directors or the committee. If a quorum shall not be present at any meeting of the Board of Directors or a committee, the members present thereat may adjourn the meeting from time to time into another place without notice other than an announcement at the meeting until a quorum shall be present.

Section 8. **Action of the Board Without a Meeting**. Any action required or permitted to be taken pursuant to authorization voted at a meeting of the Board of Directors, or any committee thereof, may be taken without a meeting if, before or after the action, all members of the Board of Directors then in office, or of such committee, consent thereto in writing. Such written consent shall be filed with the minutes of the proceedings of the Board of Directors and the consent shall have the same effect as a vote of the Board of Directors for all purposes.

Section 9. **Committees**. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member of any committee. In the absence or in the event of the disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. A committee and each member thereof shall serve at the pleasure of the Board.

Any committee, to the extent provided in the resolution of the Board or in these Bylaws, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation. No committee, however, shall have the power or authority to amend the Articles of Incorporation or Bylaws of the Corporation, adopt an agreement of merger or consolidation, recommend to the shareholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommend to the shareholders a dissolution of the Corporation or a revocation of a dissolution, or fill vacancies in the Board of Directors. The committee shall not have the power or authority to declare a distribution, dividend or authorize the issuance of stock unless such power is granted to such committee by specific resolution of the Board of Directors. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The committees shall keep regular minutes of their proceedings and report the same to the Board when required. If a committee is designated as an Executive Committee, its members shall consist of the Chairman of the Board, the President, and such other directors as shall be designated by the Board of Directors.

Section 10. **Compensation**. By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board or of any committees of which they are a member, and may be paid a fixed sum for attendance at each meeting of the Board or such committee, or a stated fee for serving as a director or for serving on any such committee.

ARTICLE V. OFFICERS

Section 1. **Designation of Officers**. The officers of the Corporation shall consist of such officers as the Board of Directors shall determine from time to time, and may include a Chairman of the Board, a Chief Executive Officer, a President, a Secretary, a Treasurer, one or more Vice Presidents, and such other or different offices as may be established by the Board of Directors. Any two or more offices may be held by the same person, but an officer shall not execute, acknowledge or verify any instrument in more than one capacity if the instrument is required by law to be executed, acknowledged or verified by two or more officers.

Section 2. **Election of Officers**. The officers of the Corporation shall be elected at the first meeting of the Board of Directors, or by action taken pursuant to written consent, after the annual meeting of shareholders. Officers shall hold office for the term of their election and until their respective successors are elected and qualified, or until resignation or removal.

Section 3. **Resignation and Removal**. An officer may resign by written notice to the Corporation, which resignation is effective upon its receipt by the Corporation or at a subsequent time specified in the notice of resignation. The Chairman or Chief Executive Officer may be removed at any time, with or without cause, but only on the affirmative vote of a majority of the full Board of Directors. The President and all vice presidents, the secretary and the treasurer may be removed at any time, with or without cause, by the Chief Executive Officer or by majority vote of the directors present at any meeting. Any assistant secretary or assistant treasurer, or subordinate officer or agent appointed pursuant to Section 2 of Article V of these Bylaws may be removed at any time, with or without cause, by a majority vote of directors present in a meeting, by the Chief Executive Officer, or any committee or other officer in power to do so by resolution of the Board.

Section 4. **Compensation of Officers**. The Board of Directors, by affirmative vote or a majority of directors in office and irrespective of any personal interest of any of them, may establish reasonable compensation of officers for services to the Corporation.

Section 5. **Chairman of the Board**. The Chairman of the Board of Directors, if one is elected, shall be elected by the directors from among the directors then serving. The Chairman of the Board shall preside at al1 meetings of the Board of Directors and meetings of the shareholders, and shall perform such other duties as from time to time may be determined by resolution of the Board of Directors not inconsistent with these Bylaws.

Section 6. **Chief Executive Officer**. The Chief Executive Officer of the Corporation shall have such authority and shall perform such duties in the management of the Corporation as usually are vested in or incident to the office of a chief executive officer of a corporation. In the absence or nonelection of the Chairman of the Board of Directors, the Chief Executive Officer shall preside at all meetings of the Board of Directors and meetings of the shareholders.

Section 7. **President**. The President of the Corporation shall have such authority and shall perform such duties as may be assigned to him by the Board of Directors.

Section 8. **Vice Presidents**. The Vice Presidents shall have such authority and shall perform such duties as shall be assigned to them by the Board of Directors and may be designated by such special titles as the Board of Directors may approve.

Section 9. **Treasurer**. The Treasurer, or other officer performing the duties of a Treasurer, shall have custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit all money and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors or the Chief Executive Officer taking proper vouchers for such disbursements. The Treasurer shall render to the Chief Executive Officer and Board of Directors, or any member thereof, at such times as they may request within reason, an account of all his transactions as Treasurer and of the financial condition of the Corporation. In general, the Treasurer shall perform all duties incident to the office of Treasurer and such other duties as may be assigned by the Board of Directors. The Treasurer may be required to give bond for the faithful performance of his duties in such sum and with such surety, at the expense of the Corporation, as the Board of Directors may from time to time require.

Section 10. **Secretary**. The Secretary shall give or cause to be given notice or all meetings of shareholders and directors and all other notices required by law or by these Bylaws, and in case of his absence or refusal or neglect to do so, any such notice may be given by the shareholders upon whose requisition the meeting is called, as provided in these Bylaws. The Secretary shall record all the proceedings of the meetings of the shareholders and of the Directors in one or more books provided for that purpose. The Secretary shall have custody of the seal of the Corporation, if one be provided, and shall affix the same to all instruments requiring it when authorized by the directors or the Chief Executive Officer. The Secretary shall have such authority and perform such, other duties as may be assigned by the Board of Directors. All records in the possession or custody of the Secretary shall be open to examination by the Chairman of the Board, Chief Executive Officer and Board of Directors, or any member thereof, during regular business hours.

Section 11. **Other Offices**. Other officers elected by the Board of Directors shall have such authority and shall perform such duties in the management of the Corporation as may be determined by resolution of the Board of Directors not inconsistent with these Bylaws.

Section 12. **Bonds**. If the Board of Directors shall so require, the treasurer, and the assistant treasurer and/or other officer or agent of the Corporation, shall give bond to the Corporation in such amount and with such surety as the Board of Directors may deem sufficient, conditioned upon the faithful performance of the respective duties and offices.

ARTICLE VI. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. **Contracts**. The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. **Loans**. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name, unless authorized by resolution of the Board of Directors. Such authorization may be general or confined to specific instances.

Section 3. **Checks**. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. **Deposits**. All funds of the Corporation, not otherwise employed, shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may determine.

ARTICLE VII. MISCELLANEOUS

Section 1. **Fiscal Year**. The fiscal year of this Corporation shall end on the last Saturday of December of each year.

Section 2. **Notices**. Whenever any notice is required to be given under the provisions of any law, the Articles of Incorporation for this Corporation, or by these Bylaws, it shall not be construed or interpreted to mean personal notice, unless expressly so stated, and any notice so required shall be deemed to be sufficient if given in writing by mail, by depositing the same in a Post Office box, postage prepaid, addressed to the person entitled thereto at his last known Post Office address, or by electronic mail to the electronic mail address on record at the Corporation for the recipient, and such notice shall be deemed to have been given on the day of such mailing. Shareholders not entitled to vote shall not be entitled to receive notice of any meetings, except as otherwise provided by law or these Bylaws.

Section 3. **Waiver of Notice**. Whenever any notice is required to be given under the provisions of any law, or the Articles of Incorporation for this Corporation, or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4. Voting of Securities. Securities of another corporation, foreign or domestic, standing in the name of this Corporation which are entitled to vote shall be voted, in person or by proxy, by the Chief Executive Officer of this Corporation or by such other or additional persons as may be designated by the Board of Directors.

ARTICLE VIII. AMENDMENTS

Except as may otherwise be provided in the Articles of Incorporation or these Bylaws, these Bylaws may be amended, repealed or new Bylaws adopted either by a majority vote of the Board of Directors at a regular or special meeting of the Board, or by vote of the holders of a majority of the outstanding voting stock of the Corporation at any annual or special meeting, if notice of the proposed amendment, repeal or adoption be contained in the notice of such meeting.

The foregoing Bylaws, as amended, were adopted by the Board of Directors of Universal Forest Products, Inc. on January 27, 2017.

/s/ David A. Tutas

David A. Tutas, Secretary

FOURTH AMENDMENT TO THE
UNIVERSAL FOREST PRODUCTS, INC.
EXECUTIVE STOCK GRANT PROGRAM

FOURTH AMENDMENT TO THE UNIVERSAL FOREST PRODUCTS, INC. EXECUTIVE STOCK GRANT PROGRAM as adopted by the Board of Directors of Universal Forest Products, Inc. (the "Company") with reference to the following:

A. The Universal Forest Products, Inc. Executive Stock Grant Program (the "Program") was established by the Company on January 1, 2009, under the Company's Long Term Stock Incentive Plan, and was amended and restated as of June 1, 2011, and was further amended effective on January 18, 2013, June 1, 2014, and January 29, 2015, respectively.

B. Under Section 8.2 of the Program, the Company has the authority, subject to certain conditions, to amend the Program from time to time.

C. The Board has elected to amend the Program to terminate the annual grant of Shares to Non-Employee Directors, effective as of January 1, 2017 (the “Effective Date”).

NOW, THEREFORE, the Program is amended as follows:

1. Section 3.1 is hereby amended in its entirety, to read as follows:

The Committee shall determine the employees of the Company or a Subsidiary who are eligible to participate in the Program (a “Participant”). An employee shall begin to participate in the Program on the date designated by the Committee. It is intended that participation be limited to employees who will qualify as members of a “select group of management or other highly compensated employees” under Title I of ERISA and members of the Board.

2. Section 4.2(a) of the Program is hereby deleted, in its entirety and former Section 4.2(b) is hereby renumbered as Section 4.2(a)

3. A new Section 2.12 is added as follows, and the following Sections of Article 2 shall be renumbered accordingly.

“Subsidiary” means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

4. In all other respects the Program shall continue in full force and effect.

CERTIFICATION

The foregoing Fourth Amendment to the Program was adopted by the Board of Directors, effective as of the 1st day of January, 2017.

UNIVERSAL FOREST PRODUCTS, INC.

By________________________________

Its________________________________

FIRST RESTATEMENT OF THE

UNIVERSAL FOREST PRODUCTS, INC. DIRECTOR RETAINER STOCK PLAN

1. **ESTABLISHMENT**. Universal Forest Products, Inc. (the "Company") established the Universal Forest Products, Inc. Director Retainer Stock Plan (the "Plan") for Eligible Directors as an unfunded plan for the benefit of a selected group of non-employee management persons.

2. **EFFECTIVE DATE**. This First Restatement of the Plan shall become effective immediately upon its approval by the Board of Directors of the Company for Plan Years commencing on or after January 1, 2017.

3. **PURPOSE**. The purpose of the Plan is to provide Eligible Directors with a means of deferring the receipt of their annual cash and stock retainer fees, and expressing their commitment to the Company by subjecting these deferred fees to the market performance of the Company's stock.

4. **DEFINITIONS**.

(a) Reserve Account. The term "Reserve Account" shall have the meaning given in Paragraph 6 of the Plan.

(b) Code. The term "Code" means the Internal Revenue Code, as amended.

(c) Company. The term "Company" shall mean Universal Forest Products, Inc., a Michigan corporation, and its successors and assigns.

(d) Election Agreement. The term "Election Agreement" shall mean each and every Election Agreement executed by an Eligible Director and delivered to the Company hereunder, the form of which is attached to the Plan as Exhibit A, and is incorporated by reference herein.

(e) Eligible Director. The term "Eligible Director'' shall mean any present or future director of the Company who is not an employee of the Company or any subsidiary of the Company.

(f) Market Price. The term "Market Price" shall mean the closing price of the Stock as reported on the NASDAQ Global Select Market on the date of the required calculation or, if there were no Stock transactions on such day, on the next preceding day on which there were Stock transactions.

(g) Participating Director. The term "Participating Director'' shall mean an Eligible Director who has executed and delivered an Election Agreement to the Company.

(h) Payment Date. Payment Date. The term "Payment Date" shall mean the earliest of:

(i) The Participating Director's death;

(ii) The Participating Director's total and permanent disability, as defined in Treas. Reg. 1.409A-3(i)(4); or

(iii) The date specified in the Participating Director's Election Agreement (the "Optional Payment Date"), unless no Optional Payment Date is specified in the Election Agreement, in which case the Optional Payment Date shall be deemed selected and shall be the date of the Participating Director's Retirement.

No acceleration of the Payment Date is permitted unless authorized under the Code or in the regulations or guidance thereunder.

(i) Plan Year. The Plan Year shall be January 1 to December 31 of each year.

(j) Retainer Fee. The term "Retainer Fee" means fees payable with respect to an Eligible Director for his or her services as a director and/or committee member during the Plan Year in question.

(k) Retirement. The term "Retirement" shall mean the voluntary or involuntary resignation of a director, the removal of a director with or without cause, or the conclusion of a director's term of office where the director is not reelected by shareholders of the Company to a succeeding term, to the extent such event qualifies as a separation from service within the meaning of Internal Revenue Code Section 409A, as amended, and the Treasury Regulations promulgated thereunder.

(l) Stock. The term “Stock” shall mean the no par value common stock of the Company.

5. **DIRECTORS’ ELECTIONS**. Each Eligible Director may specify in his or her Election Agreement, on an annual basis as set forth in Section 6, to defer receipt of the following forms of compensation:

(a) All or a percentage portion of any annual Retainer Fee that is to be paid to the Eligible Director in cash to which the Eligible Director may be entitled for the next succeeding Plan Year following the year in which the deferral election is made on account of service as a director of the Company (the “Deferred Cash Director Retainer”), and/or

(b) All or a percentage portion of any annual Retainer Fee that is to be paid to the Eligible Director in the form of Stock to which the Eligible Director may be entitled for the next succeeding Plan Year following the year in which the deferral election is made on account of service as a director of the Company (the “Deferred Stock Director Retainer”), and/or

(c) All or a percentage of portion of any annual Retainer Fees paid to an Eligible Director in cash to which the Eligible Director may be entitled for the next succeeding Plan Year following the Plan Year in which the deferral election is made on account of service as a member of a committee of the Board of Directors of the Company, including committee chairperson fees (the “Deferred Committee Retainer” and collectively with the Deferred Cash Director Retainer and Deferred Stock Director Retainer, the “Deferred Retainer”).

6. **ELECTION PROCEDURES**. In order to participate in the Plan for a particular Plan Year, an Eligible Director must elect in writing on a properly completed and executed Election Agreement to participate, and deliver this Election Agreement to the Company at the address specified in the Election Agreement. Such election must be effective before the beginning of the Plan Year to which the election relates. An Eligible Director may, however, make an election in writing to participate with respect to the remainder of a Plan Year within thirty (30) days after the date the Eligible Director first becomes eligible to participate in the Plan.

7. **RESERVE ACCOUNT**.

(a) Establishment of Account. The Company shall establish and maintain a Reserve Account for each Participating Director. The Reserve Account shall reflect all entries required to be made pursuant to the terms and conditions of the Participating Director’s Election Agreement. There shall be a separate accounting for each Election Agreement made by each Participating Director.

(b) Credits to Account.

(i) Cash Deferrals. The Company shall credit to a Participating Director’s Reserve Account a number (to four decimal places) of units that is equal to 110% of the amount of the Participating Directors’ Deferred Cash Director Retainer pursuant to Section 5(a) or the Deferred Committee Retainer pursuant to Section 5(c) pursuant to an Election Agreement, as periodically earned by the Participating Director divided by the Market Price on the day upon which such amounts are earned. For this purpose, the amounts of a Participating Director’s Deferred Cash Director Retainer Fee are deemed earned on May 1 (February through April service amounts), August 1 (May through July service amounts), November 1 (August through October service amounts), and the next February 1 (November through January service amounts).

(ii) Stock Deferrals. The Company shall credit to the Reserve Account the number of units that is equal to 100% of the number of shares of Stock deferred pursuant to the Participating Directors’ Deferred Stock Director Retainer pursuant to Section 5(b) (including any fractional shares), as periodically earned by the Participating Director. For this purpose, the amounts of a Participating Director’s Deferred Stock Director Retainer Fee are deemed earned on May 1 (February through April service amounts), August 1 (May through July service amounts), November 1 (August through October service amounts), and the next February 1 (November through January service amounts).

(iii) Credits for Dividend Payments. The Company shall credit to the Reserve Account, on each day the Company declares a cash dividend to holders of the Stock, that number (to four decimal places) of units that is equal to the total number of units in the Participating Director's Reserve Account on the declaration date for such dividend, multiplied by the cash dividend per share of Stock dividend by the Market Price on the declaration date for such dividend.

(iv) Adjustments. The number of units credited to a Reserve Account shall be adjusted appropriately by the Company in the event of any change in the Stock by reason of stock dividends, split-ups, recapitalizations, combinations, exchanges of shares and other like capital changes, but no adjustment shall be required by reason of any sales of shares of Stock by the Company at any price, whether below, at or above Market Price, and whether by or pursuant to warrant, option, right, conversion right or privilege or otherwise, and a Participating Director shall have no rights as a holder of Stock unless and until a certificate for shares of Stock is issued by the Company.

8. **PAYMENT OF ACCOUNT VALUE**.

(a) General. The Company shall, with respect to each Reserve Account for each Participating Director, cause to be delivered to such Participating Director (or any applicable alternate payee, as determined under the Plan or the applicable Election Agreement) as soon as practicable following the Payment Date, but in no event later than two and one-half (2.5) months following the last day of the Plan Year that includes the Payment Date, the Payment Date value of such Reserve Account, in the form of shares of Stock, so that for each single unit credited to the Reserve Account the Participating Director shall be entitled to payment in the form of a single share of Stock, pursuant to the express terms and conditions of the Plan and the applicable Election Agreement.

(b) Disability. If a Payment Date occurs by reason of a determination by the Company that the Participating Director has become totally and permanently disabled (as defined in Code Section 409A), and if the disability is due to mental incapacity, the shares of Stock deliverable under the Plan and the applicable Election Agreement shall be issued in the name of and delivered to the Participating Director's legally appointed personal representative. If no such representative has been appointed, then delivery shall be in the name of and to the Participating Director's spouse, or if the Participating Director is then unmarried, such shares of Stock or dollar amount shall be held until the person(s) who would be entitled thereto, if the Participating Director were to die intestate, make proper claim of the Company for such shares of Stock or dollar amount.

(c) Death. If a Payment Date occurs because the Participating Director died, the shares of Stock required to be delivered under the Plan and the applicable Election Agreement shall be issued not later than two (2) months following the end of the Plan Year in which the Participating Director died, in the name of and delivered to the Participating Director's beneficiary (or beneficiaries) as designated in the applicable Election Agreement, or, if none are so designated, in the name of and to the legally appointed personal representative of the Participating Director's estate. If no legal proceedings for such appointment have been instituted within sixty (60) days after receipt by the Company of notice of the Participating Director's death, such delivery shall be in accordance with the last sentence of Paragraph 7(b) above.

9. **ADMINISTRATION**. Directors of the Company who are not Eligible Directors shall be solely responsible for the administration of the Plan, but may delegate any portion of such responsibility that they determine to be appropriate. To the extent consistent with the terms of the Plan, such directors shall have the power to interpret any Plan provision, to prescribe, amend, and rescind rules and regulations relating to the Plan and to make all other determinations that it deems necessary or advisable to administer the Plan. Such directors shall be called the Directors' Retainer Stock Plan Committee.

10. **ERISA CLAIMS PROCEDURE**. Claims for benefits other than death benefits will be determined under the following procedure regardless of whether the claimant is the participant, a beneficiary, or any other person.

(a) All claims must be submitted in writing to the Plan administrator. The claimant must provide such documents and other information as the Plan administrator may request in order to make a determination on the claim.

(b) The Plan administrator will make an initial determination on the claim within a reasonable period of time, but not later than 90 days after receipt of the claim, unless matters beyond the control of the plan administrator require an extension of time. If the Plan administrator determines that an extension of time is required, the Plan administrator will provide the claimant with written notice of the extension, the reasons for the extension, and the date by which the Plan administrator expects to make the initial claim determination. The extension may not be longer than an additional 90 days. The time periods will begin when the claim has been properly submitted to the Plan administrator for approval, even if the submission does not include all of the information necessary to make a determination on the claim.

(c) If the initial claim determination is adverse, the Plan administrator will provide the claimant with written notice of the determination. The notice will include all of the following:

(i) The reasons for the determination;

(ii) A reference to the provisions of this Plan on which the determination is based;

(iii) A description of additional documents or other information, if any, that might permit approval of the claim and an explanation of why the additional documents and other information are necessary; and

(iv) A description of the claim review procedures and the time limits applicable to the review procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review.

(d) If the claimant has not received notice of the initial claim determination or notice of an extension of time within the initial 90-day period, the determination is deemed to be adverse.

(e) If the initial claim determination is adverse, the claimant may request review of the determination by written application to the Plan administrator within 60 days after the determination.

(i) The claimant will have an opportunity to submit written comments, documents, and other information relevant to the claim. The claimant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim. The review will take into account all comments, documents, and other information submitted by the claimant relating to the claim, regardless of whether the information was submitted or considered in the initial benefit determination.

(ii) The Plan administrator will make a determination on review within a reasonable period of time, but not later than 60 days after receipt of the application, unless special circumstances require an extension of time. If the Plan administrator determines that an extension of time is required, the Plan administrator will provide the claimant with written notice of the extension, the reasons for the extension, and the date by which the Plan administrator expects to make a determination on review. The extension may not be longer than an additional 60 days. If a reason for the extension is the claimant's failure to provide documents or other information necessary to decide the claim, the period for making the benefit determination will be tolled from the day when notice of the extension is sent to the claimant until the day when the claimant provides the documents and other information.

(f) If the determination remains adverse after review, the Plan administrator will provide to the claimant a written notice including all of the following:

(i) The reasons for the determination;

(ii) A reference to the provisions of this Plan on which the determination is based;

(iii) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim; and

(iv) A statement of the claimant’s right to bring a civil action under section 502(a) of ERISA.

(g) If the claim involves a determination of disability, and the determination of disability is not to be made by a third party (such as the Social Security Administration, or an insurance company under a disability insurance policy), the special rules in this paragraph apply.

(i) The initial determination will be made within 45 days (rather than 90 days). This period may be extended for up to 30 days if the Plan administrator determines that the extension is necessary due to matters beyond the control of the Plan administrator and notifies the claimant, before the end of the initial 45-day period, of the circumstances requiring the extension of time and the date by which the Plan administrator expects to make a determination. If, before the end of the first 30 day extension period, the Plan administrator determines that, due to matters beyond the control of the Plan administrator, a determination cannot be made within the first extension period, the period for making the determination may be extended for up to an additional 30 days if the Plan administrator notifies the claimant, before the end of the first 30 day extension period, of the circumstances requiring the extension and the date as of which the Plan administrator expects to make a determination. In the case of any extension under this subparagraph 10(g)(i), the notice of extension will specifically explain the standards for the determination of disability, the unresolved issues that prevent a determination on the claim, and the additional information needed to resolve those issues, and the claimant will be allowed at least 45 days to provide the specified information.

(ii) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the initial adverse determination, the notice of the determination will include either the specific rule, guideline, protocol, or other similar criterion, or a statement that such a rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination and that a copy of the rule, guideline, protocol, or other criterion will be provided free of charge to the claimant upon request.

(iii) The time for requesting review of an initial adverse benefit determination will be 180 days (rather than 90 days). The time for making a determination on review will be 45 days (rather than 60 days), and the time for any extension will be 45 days (rather than 60 days). A committee appointed by the Plan administrator will review the initial adverse benefit determination. The committee will consist of three directors, officers, or employees who are neither an individual who made the initial adverse benefit determination nor a subordinate of that individual. The committee will have discretionary authority over the review, including the discretionary authority to interpret the terms and provisions of the Plan. The review will be conducted without deference to the initial adverse benefit determination. If the adverse determination under review was based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational, or not medically necessary or appropriate, the committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment and who is neither an individual who was consulted in connection with the adverse determination that is under review nor the subordinate of any such individual. If the benefit determination remains adverse after review, the plan administrator will provide, upon request and free of charge, the identification of all medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the adverse determination, regardless of whether the advice was relied upon in making the determination.

(h) A claimant may not commence legal action regarding any claim (i) before the claims procedure has been exhausted, including proper submission of the claim to the Plan administrator and proper request for review of any initial adverse determination, or (ii) more than two years after the final decision on review. Judicial review will be limited to review for abuse of discretion.

11. **OTHER BENEFITS**. Except to the extent specifically provided in a Company retirement plan for Directors (if such a plan exists), or any other plan or arrangement maintained or sponsored by the Company, the Plan benefits to Eligible Directors (other than Retainer Fees) shall not be deemed to be compensation for the purpose of computing benefits under such retirement plan for Directors or other plan or arrangement.

12. **STATUS OF ACCOUNT**. The Company shall have full and unrestricted use of all property or amounts payable pursuant to the Plan, and title to and beneficial ownership of any assets which the Company may earmark to pay the amounts hereunder shall at all times remain in the Company, and no Eligible Director shall have any property interest whatsoever in any specific assets of the Company. The Reserve Account is not intended to be a trust account or escrow account for the benefit of a Participating Director or any other person, or an asset segregation for the benefit of a Participating Director or any other person. The sole right of a Participating Director, or a Participating Director’s heirs or personal representatives, is a right as an unsecured general creditor of the Company to claim any shares of Stock or dollar amount to which the Participating Director becomes entitled, pursuant to the terms and conditions of the Participating Director’s Election Agreement and the Plan. The Company shall provide each Participating Director with an annual report of his or her Reserve Account balance upon request. Such reporting shall be made each January.

13. **AMENDMENT OR TERMINATION**. The Company may, at any time and from time to time, terminate the Plan or make such amendments as it deems advisable; provided, however, that no such termination or amendment shall adversely affect or impair the contract rights of a Participating Director with respect to an effective Election Agreement, unless such Participating Director shall consent in writing to such termination or amendment; and, provided further, that no such amendment, without the approval of the Company’s shareholders, may materially increase the benefits accruing to Eligible Directors under the Plan, increase the number of shares of Stock distributed under the Plan, or materially modify the requirements as to eligibility under the Plan.

14. **STOCK SUBJECT TO PLAN**. The maximum number of shares of Stock that shall be reserved for issuance under the Plan shall be 200,000 shares, subject to adjustment upon changes in the capitalization of the Company as provided in Paragraph 7(b) of the Plan.

15. **Regulatory Restrictions**. All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock transfer orders and other restrictions as the Company may deem advisable under the rules, regulations and other requirements of the Company, any stock exchange or stock market upon which the Stock is then listed or traded and any applicable Federal, state, or foreign securities law, and the Company may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

16. **NON-PLAN DEFERRAL ARRANGEMENTS**. The Company does not intend that this Plan replace or supersede any presently existing retainer deferral arrangement or preclude the Company from implementing additional deferral arrangements.

17. **FUTURE DIRECTOR TERMS**. Nothing in this Plan or in any Election Agreement shall obligate a director to continue as such, or to accept any nomination for a future term as a director of the Company, or require the Company to nominate or cause the nomination of the director for a future term as a director of the Company.

18. **NO ALIENATION**. No shares of Stock or dollar amount deliverable under the Plan or under an Election Agreement shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrances, or charge, other than by will or the laws of descent and distribution.

19. **<u>WITHHOLDING</u>**. The Company is entitled to withhold and deduct from any amounts due from the Company to a Participating Director, all legally required amounts necessary to satisfy any federal, state, or local withholding and employment-related taxes arising directly or indirectly in connection with the Plan or any Election Agreement, and the Company may require the Participating Director to remit promptly to the Company the amount of such taxes before taking any future actions with respect to the Participating Director's Reserve Account or Election Agreement.

20. **<u>INTERNAL REVENUE CODE SECTION 409A</u>**. All amounts payable under the Plan will be subject to Code Section 409A and the regulations or guidelines with respect to Code Section 409A. The Plan may be amended as reasonably necessary or desirable to legally minimize any adverse tax consequences to Participating Directors and/or the Company, and to preserve, to the fullest extent permissible, the economic provisions set forth in the Plan.

EXHIBIT A

FOR A DEFERRAL ELECTION TO BE EFFECTIVE, THIS AGREEMENT MUST BE SIGNED BY A DIRECTOR AND MUST BE RECEIVED BY THE COMPANY AT THE FOLLOWING LOCATION BEFORE THE END OF THE PLAN YEAR THAT PRECEDES THE PLAN YEAR SPECIFIED IN THIS ELECTION AGREEMENT: 2801 East Beltline NE, Grand Rapids, Michigan 49525.

UNIVERSAL FOREST PRODUCTS, INC.
ELECTION AGREEMENT

This Election Agreement is made between you and Universal Forest Products, Inc. (the “Company”), a Michigan corporation, pursuant to the terms of the Company’s Director Retainer Stock Plan (the “DRSP”). By completing this Election Agreement, you acknowledge that you have received a copy of the DRSP. All terms not specifically defined in this Election Agreement shall have the meanings set forth in the DRSP, unless the context clearly requires otherwise, and this Election Agreement shall be interpreted consistent with the terms of the DRSP.

This Election Agreement allows you to elect to defer all or a percentage portion of one or more of the following forms of compensation in the section with the corresponding number:

1. <u>Cash Director Retainer:</u> The portion of your annual retainer fee that is to be paid to you in the form of cash for services as a director of the Company, which for the 2017 year is (N/A - Election made at 2016 year-end governs).

2. <u>Stock Director Retainer:</u> The portion of your annual retainer fee that is payable in shares of the Company’s common stock for services as a director of the Company, which for the 2017 year is worth $93,750 (This represents ¾ of the annual stock retainer fee; the ¼ for the January 2017 meeting was not eligible for deferral), and

3. <u>Cash Committee Retainer:</u> Any annual retainer fees that will be paid to you for services as a committee member on a committee of the Board of Directors of the Company, which includes any chairperson fee, as applicable. (N/A - Election made at 2016 year-end governs).

By completing this form, you agree to have the applicable form of compensation deferred until the earliest Payment Date specified pursuant to the terms of the DRSP. If a section of this form is not <u>fully</u> completed to specify the period for which the election applies, the deferral percentage, the payment event(s), and the form of payment, then no deferral election will be deemed effective for the applicable form of compensation.

Payment of amounts deferred will be made in the time and manner specified in the DRSP following the earliest to occur of your death, disability, or the Optional Payment Date, which you may designate by completing Section 4 of this Election Agreement. Payment of the amount deferred will be made in the form of Company Stock as soon as practicable after the occurrence of the applicable Payment Date, but in no event later than two and one-half (2.5) months following the last date of the year that includes the applicable Payment Date occurred. You may also designate a beneficiary under the DRSP by completing Section 5 of this Election Agreement.

1. **Cash Director Retainer Election.** This election must be made before the beginning of the participant's tax year(s) in which the compensation to be deferred is earned. This election is irrevocable after the beginning of the tax year(s) to which it applies.

   Participant tax year(s) to which this election applies: N/A

   Deferral percentage: N/A% of cash director retainer earned in the above tax year(s)

2. **Stock Director Retainer.** This election must be made before the beginning of the participant's tax year(s) in which the compensation to be deferred is earned. This election is irrevocable after the beginning of the tax year(s) to which it applies.

   Participant tax year(s) to which this election applies: 2017

   Deferral percentage: _________% of stock director retainer earned in the above tax year(s)

3. **Cash Committee Retainer.** This election must be made before the beginning of the participant's tax year(s) in which the compensation to be deferred is earned. This election is irrevocable after the beginning of the tax year(s) to which it applies.

   Participant tax year(s) to which this election applies: N/A

   Deferral percentage: N/A% of cash committee retainer (including any chairperson fee) earned in the above tax year(s)

4. **Optional Payment Date Designation**

   Optional Payment Date (select one, and if no selection is made, then you will be deemed to have selected the date of your Retirement from the Company):

   ☐ First Anniversary of Retirement with the Company

   ☐ Second Anniversary of Retirement with the Company

   ☐ Third Anniversary of Retirement with the Company

   ☐ Fourth Anniversary of Retirement with the Company

   ☐ Fifth Anniversary of Retirement with the Company

   ☐ The date of your Retirement with the Company

   ☐ March 15, 20__

5. **Beneficiary Designation.** The Director hereby designates the following beneficiary or beneficiaries.

6. **Stock Certificate Issuance.** Certificates for that number of shares of Stock equal to the number of units in the Director's Reserve Account, rounded up to the next highest full unit, shall be issued and delivered to the Participating Director (or to certain other persons as provided in the DRSP or in this Election Agreement) as soon as practicable after the applicable Payment Date. Director understands that as long as he remains an Affiliate of the Company,

he must comply with the restrictions placed on Affiliates by the Securities and Exchange Commission.

IN WITNESS WHEREOF, the Company and Director have signed this Election Agreement on the dates stated below.

UNIVERSAL FOREST PRODUCTS, INC.

By: ______________________________
Its: ______________________________
Date: ____________________________

DIRECTOR

____
(Signature)

____
(Print Name)
Date: ____________________________

Exhibit 13

UNIVERSAL FOREST PRODUCTS, INC.
FINANCIAL INFORMATION

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

	2016	2015	2014	2013	2012
Consolidated Statement of Earnings Data					
Net sales	$ 3,240,493	$ 2,887,071	$ 2,660,329	$ 2,470,448	$ 2,054,933
Gross profit	474,590	399,904	325,342	280,552	225,109
Earnings before income taxes	160,671	131,002	95,713	70,258	41,064
Net earnings attributable to controlling interest	$ 101,179	$ 80,595	$ 57,551	43,082	23,934
Diluted earnings per share	$ 4.96	$ 3.99	$ 2.86	$ 2.15	$ 1.21
Dividends per share	$ 0.870	$ 0.820	$ 0.610	$ 0.410	$ 0.400
Consolidated Balance Sheet Data					
Working capital(1)	$ 484,661	$ 444,057	$ 397,546	$ 357,299	$ 338,389
Total assets	1,292,058	1,107,679	1,023,800	916,987	860,540
Total debt	111,693	85,895	98,645	84,700	95,790
Shareholders' equity	860,466	766,409	699,560	649,734	607,525
Statistics					
Gross profit as a percentage of net sales	14.6%	13.9%	12.2%	11.4%	11.0%
Net earnings attributable to controlling interest as a percentage of net sales	3.1%	2.8%	2.2%	1.7%	1.2%
Return on beginning equity(2)	13.2%	11.5%	8.8%	7.1%	4.1%
Current ratio(4)	2.78	3.17	3.27	3.59	3.95
Debt to equity ratio(5)	0.13	0.11	0.14	0.13	0.16
Book value per common share(3)	$ 42.30	$ 38.05	$ 35.01	$ 32.57	$ 30.68

(1) Current assets less current liabilities.
(2) Net earnings attributable to controlling interest divided by beginning shareholders’ equity.
(3) Shareholders’ equity divided by common stock outstanding.
(4) Current assets divided by current liabilities.
(5) Total debt divided by shareholders' equity.

Universal Forest Products, Inc. is a holding company with subsidiaries throughout North America, Europe, Asia, and in Australia that supply wood, wood composite and other products to three robust markets: retail, industrial, and construction. The Company is headquartered in Grand Rapids, Mich. For more information about Universal Forest Products, Inc., or its affiliated operations, go to www.ufpi.com.

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act, as amended, that are based on management's beliefs, assumptions, current expectations, estimates and projections about the markets we serve, the economy and the Company itself. Words like "anticipates," "believes," "confident," "estimates," "expects," "forecasts," "likely," "plans," "projects," "should," variations of such words, and similar expressions identify such forward-looking statements. These statements do not guarantee future performance and involve certain risks, uncertainties and assumptions that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. The Company does not undertake to update forward-looking statements to reflect facts, circumstances, events, or assumptions that occur after the date the forward-looking statements are made. Actual results could differ materially from those included in such forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainty. Among the factors that could cause actual results to differ materially from forward-looking statements are the following: fluctuations in the price of lumber; adverse or unusual weather conditions; adverse economic conditions in the markets we serve; government regulations, particularly involving environmental and safety regulations; and our ability to make successful business acquisitions. Certain of these risk factors as well as other risk factors and additional information are included in the Company's reports on Form 10-K and 10-Q on file with the Securities and Exchange Commission. We are pleased to present this overview of 2016.

OVERVIEW

Our results for 2016 were impacted by the following:

- Our sales increased 12% in 2016 due to an 11% increase in our unit sales and a 1% increase in overall selling prices (see "Historical Lumber Prices"). Our unit sales increased in all three of our markets - retail, industrial, and construction - and were driven by a combination of acquisition and organic growth. Businesses we acquired contributed 3% to our unit sales growth in 2016 (see Note C of the Notes to Consolidated Financial Statements).

- The Home Improvement Research Institute reported a 6% increase in home improvement sales in 2016. Comparatively, our unit sales to the retail market increased 10% in 2016.

- Our sales to the industrial market increased 11% in 2016. Businesses we acquired contributed 10% to unit sales growth. Comparatively, the *Federal Reserve's Industrial Production* noted that national industrial production increased less than 1% in 2016.

- National housing starts increased approximately 5% in the period from December 2015 through November 2016, compared to the same period of the prior year (our sales trail housing starts by about a month). Comparatively, our unit sales to residential construction customers increased 17% in 2016.

- Production of HUD code manufactured homes were up 15% in the period from January through December 2016, compared to the same period of the prior year, and year over year modular home starts increased 9% in the first six months of 2016 (the last period reported). Comparatively, our unit sales to the manufactured housing market increased 5% in 2016.

- Our profitability improved to $101.2 million in net earnings attributable to controlling interest from $80.6 million last year primarily due to a combination of strong organic sales growth and favorable improvements in sales mix.

- Our cash flow from operating activities increased to $172 million due to our improved profitability and working capital management. Additionally, we invested almost $173 million in newly acquired businesses in 2016.

HISTORICAL LUMBER PRICES

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

	Random Lengths Composite Average $/MBF		
	2016	2015	2014
January	$ 316	$ 379	$ 395
February	310	361	394
March	321	339	387
April	345	334	367
May	356	315	377
June	353	328	375
July	351	346	381
August	367	327	401
September	354	300	398
October	356	308	381
November	346	326	367
December	357	314	375
Annual average	$ 344	$ 331	$ 383
Annual percentage change	3.9%	(13.6)%	

In addition, a Southern Yellow Pine ("SYP") composite price, which we prepare and use, is presented below. Our purchases of this species comprises approximately 43% of total lumber purchases for 2016 and 2015.

	Random Lengths SYP Average $/MBF		
	2016	2015	2014
January	$ 358	$ 411	$ 375
February	357	399	398
March	366	393	406
April	389	400	392
May	397	368	402
June	382	354	406
July	380	344	396
August	391	321	419
September	375	290	416
October	385	318	393
November	387	348	386
December	400	347	399
Annual average	$ 381	$ 358	$ 399
Annual percentage change	6.4%	(10.3)%	

IMPACT OF THE LUMBER MARKET ON OUR OPERATING RESULTS

We experience significant fluctuations in the cost of commodity lumber products from primary producers ("Lumber Market"). We generally price our products to pass lumber costs through to our customers so that 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 were 48.5%, 48.9%, and 53.5% of our sales in 2016, 2015, and 2014, respectively.

Our gross margins are impacted by (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 retail building materials customers, as well as trusses, wall panels and other components sold to the residential 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 with our suppliers for these sales commitments. 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 we 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.

The greatest risk associated with changes in the trend of lumber prices is on the following products:

- Products with significant inventory levels with low turnover rates, whose selling prices are indexed to the Lumber Market. 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 would include treated lumber, which comprises approximately 19% of our total sales. 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. (*Please refer to the "Risk Factors" section of our annual report on form 10-K, filed with the United States Securities and Exchange Commission.*)

- 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 the 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. As a result of this factor, we believe it is useful to compare our change in units shipped with our change in gross profits as a method of evaluating profitability.

BUSINESS COMBINATIONS AND ASSET PURCHASES

We completed five business acquisitions during 2016 and two during 2015 and each was accounted for using the purchase method. The aggregate annual sales of these acquisitions totals $362 million and collectively they contributed $100 million to net sales in 2016. These business combinations were not significant to our operating results individually or in aggregate, and thus pro forma results for 2016 and 2015 are not presented.

See Notes to Consolidated Financial Statements, Note C, "Business Combinations" for additional information.

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 31, 2016	December 26, 2015	December 27, 2014
Net sales	100.0 %	100.0 %	100.0 %
Cost of goods sold	85.4	86.1	87.8
Gross profit	14.6	13.9	12.2
Selling, general, and administrative expenses	9.6	9.2	8.6
Loss contingency for anti-dumping duty assessments	—	—	0.1
Net loss (gain) on disposition of assets and other impairment charges	—	—	(0.1)
Earnings from operations	5.1	4.7	3.7
Other expense, net	0.1	0.2	0.1
Earnings before income taxes	5.0	4.5	3.6
Income taxes	1.7	1.6	1.3
Net earnings	3.3	2.9	2.3
Less net earnings attributable to noncontrolling interest	(0.1)	(0.2)	(0.2)
Net earnings attributable to controlling interest	3.1 %	2.8 %	2.2 %

Note: Actual percentages are calculated and may not sum to total due to rounding.

GROSS SALES

We design, manufacture and market wood and wood-alternative products for national home centers and other retailers, structural lumber and other products for the manufactured housing industry, engineered wood components for residential and commercial construction, specialty wood packaging, components and packing materials for various industries, and customized interior fixtures used in a variety of retail stores, commercial and other structures. Our strategic long-term sales objectives include:

- Diversifying our end market sales mix by increasing sales of specialty wood packaging to industrial users, increasing our penetration of the concrete forming market, increasing our sales of engineered wood components for custom home, multi-family, military and light commercial construction, increasing our market share with independent retailers, and increasing our sales of customized interior fixtures used in a variety of markets.
- Expanding geographically in our core businesses, domestically and internationally.
- Increasing sales of "value-added" products, which primarily consist of fencing, decking, lattice, and other specialty products sold to the retail market, specialty wood packaging, engineered wood components, customized interior fixtures, and "wood alternative" products. Engineered wood components include roof trusses, wall panels, and floor systems. 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
- Developing new products and expanding our product offering for existing customers. New product sales were $354.3 million in 2016, $274.9 million in 2015, and $200.7 million in 2014. (Certain prior year product reclassifications resulted in an increase in new product sales in 2015 and 2014.)

	New Product Sales by Market		
	December 31, 2016	December 26, 2015	December 27, 2014
Retail	$ 205,934	$ 153,880	$ 116,119
Industrial	94,844	74,424	33,077
Construction	53,505	46,572	51,537
Total New Product Sales	$ 354,283	$ 274,876	$ 200,733

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

	Years Ended				
Market Classification	December 31, 2016	% Change	December 26, 2015	% Change	December 27, 2014
Retail	$ 1,292,892	13.7	$ 1,136,643	10.9	$ 1,024,788
Industrial	988,040	10.6	893,149	13.3	788,450
Construction	1,009,317	12.5	897,301	1.4	884,698
Total Gross Sales	3,290,249	12.4	2,927,093	7.8	2,697,936
Sales Allowances	(49,756)	24.3	(40,022)	6.4	(37,607)
Total Net Sales	$ 3,240,493	12.2	$ 2,887,071	8.5	$ 2,660,329

Note: During 2016, certain customers were reclassified to a different market. Prior year information has been restated to reflect these changes.

The following table presents estimates, for the periods indicated, of our percentage change in gross sales which were attributable to changes in overall selling prices versus changes in units shipped.

	% Change		
	in Sales	in Selling Prices	in Units
2016 versus 2015	12.4%	1.2 %	11.2%
2015 versus 2014	8.5%	(3.0)%	11.5%
2014 versus 2013	7.7%	— %	7.7%

Retail:

Gross sales to the retail market increased almost 14% in 2016 compared to 2015 due to a 10% increase in unit sales and a 4% increase in selling prices. Within this market, sales to our big box customers increased 17% while our sales to other retailers increased 10%. Our increase in unit sales was primarily organic growth achieved through a combination of share gains in existing product lines with certain retailers, an improvement in consumer demand, and growth in our new product sales. Our large retail customers reported year over year same store sales growth of approximately 6% during the first nine months of 2016.

Gross sales to the retail market increased almost 11% in 2015 compared to 2014 due to a 12% increase in unit sales, offset by a 1% decrease in selling prices. Within this market, sales to our big box customers increased 15% while our sales to other retailers increased 5%. We believe that our increase in unit sales was primarily due to share gains in existing product lines with certain retailers, an improvement in consumer demand, and growth in our new product sales. Our large retail customers reported year over year same store sales growth of approximately 5% during the first nine months of 2015.

Industrial:

Gross sales to the industrial market increased 11% in 2016 compared to 2015, resulting from a 13% increase in overall unit sales, offset by a 2% decrease in selling prices. Businesses we acquired contributed 10% to our growth in unit sales. Our organic growth in unit sales was 3% as a result of share gains achieved by adding 191 new customers during the year and increasing the number of locations we serve of certain large customers. We believe overall market demand decreased in 2016.

Gross sales to the industrial market increased 14% in 2015 compared to 2014, resulting from a 17% increase in overall unit sales, offset by a 3% decrease in selling prices. Businesses we acquired contributed 12% to our growth in unit sales. Our organic growth in unit sales of 5% was due to share gains achieved with several existing customers, as well as adding 168 new customers.

See Notes to Consolidated Financial Statements, Note C, "Business Combinations" for additional information concerning acquired businesses.

Construction:

Gross sales to the construction market increased over 12% in 2016 compared to 2015, due to a unit sales increase of 11% and a 1% increase in selling prices. Unit sales increased due to a 17% increase in units shipped to residential construction customers, a 10% increase in shipments to commercial construction customers, and a 5% increase in shipments to manufactured housing customers. Businesses we acquired in 2016 contributed 2% in unit sales growth to manufactured housing customers. Comparatively, *Mortgage Bankers Association of America* reported year over year national housing starts increased 5%, the commercial construction market increased 5%, *National Association of Home Builders* reported industry production of HUD-code homes increased 14%, and modular home starts increased 9% for the first six months of 2016 (the last period reported). The increases in our sales to residential and commercial construction above nationally recognized market data are primarily due to a combination of increased demand and market share in certain areas of our geographic footprint. Our growth in the manufactured housing market was less than the national average, which was primarily due to a reduction in market share resulting from the loss of certain customers.

Gross sales to the construction market increased approximately 1% in 2015 compared to 2014, due to a unit sales increase of 5%, offset by a 4% decrease in selling prices. Unit sales increased due to a 4% increase in units shipped to residential construction customers, a 15% increase in shipments to commercial construction customers, and a 2% increase in shipments to manufactured housing customers. Comparatively, *Mortgage Bankers Association of America* reported year over year housing starts increased 11% nationally, the commercial construction market increased 11%, *National Association of Home Builders* reported industry production of HUD-code homes increased 8.7%, and modular home starts remained flat for the first nine months of 2015 (the last period reported).

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 products generally carry higher gross margins than our commodity-based products.

	Value-Added	Commodity-Based
2016	62.6%	37.4%
2015	59.8%	40.2%
2014	58.5%	41.5%

COST OF GOODS SOLD AND GROSS PROFIT

Our gross profit percentage increased from 13.9% in 2015 to 14.6% in 2016. Additionally, our gross profit dollars increased by almost $75 million, or 19%, which exceeds our 11% increase in unit sales. The improvement in our profitability in 2016 is attributable to the following factors:

- Approximately $38 million of the increase is attributable to our growth in unit sales to the retail market and an improvement in margin on those sales. New product sales, effective inventory positioning leading to lower lumber costs, and the favorable impact of selling into a rising lumber market on variable priced products contributed to our margin improvement.

- Our growth in unit sales to the industrial market and margin improvement on those sales for most of the year resulted in a $22 million improvement in our gross profit. Businesses we acquired in 2016 contributed $16 million of this increase. The gross margin improvement is attributable to a favorable improvement in our product sales mix of more value-added products.

- Almost $16 million of our gross profit improvement was due to growth in sales to the residential construction, commercial construction, and manufactured housing markets as our gross margins remained relatively flat.

Our gross profit percentage increased from 12.2% in 2014 to 13.9% in 2015. Additionally, our gross profit dollars increased by almost $75 million, or 23%, which exceeds our 11.5% increase in unit sales. The improvement in our profitability in 2015 is attributable to the following factors:

- Our growth in unit sales to the industrial market and a significant margin improvement on those sales contributed almost $50 million to our gross profit improvement. The gross margin improvement is attributable to an improvement in our sales mix and benefiting from lower lumber costs relative to our fixed selling prices in the last six months of 2015. We estimate lower lumber costs contributed $17 million to $20 million to our overall improvement in gross profits.

- Approximately $17 million of the increase is attributable to our growth in unit sales to the retail market and a slight improvement in margin on those sales. New product sales contributed to our margin improvement;

- Over $9 million of our gross profit improvement was due to growth in sales and an improvement in margins on sales to the residential construction market. Margins improved primarily as a result of efforts to be more selective in the business that we take as market conditions have improved.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general and administrative ("SG&A") expenses increased by approximately $45.9 million, or 17%, in 2016 compared to 2015, while we reported an 11% increase in unit sales. Acquired businesses contributed $17 million to our increase. The remaining increase in SG&A was primarily due to an $11 million increase in compensation and benefit costs resulting from annual raises, other cost increases, and hiring additional personnel to support sales growth, and a $14 million increase in incentive compensation expense tied to profitability and return on investment.

Selling, general and administrative ("SG&A") expenses increased by approximately $34.5 million, or 15%, in 2015 compared to 2014, while we reported an 11.5% increase in unit sales. The increase in SG&A was primarily due to a $12 million increase in compensation and related expenses resulting from annual raises and hiring additional sales and design personnel to support sales growth, and a $16 million increase in incentive compensation expense tied to profitability and return on investment. Our SG&A has increased as a percentage of sales due to the favorable change in our sales mix of more value-added products which require higher SG&A costs and incentive compensation.

ANTI-DUMPING DUTY ASSESSMENTS

We accrued $1.6 million related to estimated anti-dumping duty assessments in 2014, imposed by the US government on plywood and steel nails imported from China. During a 2016 assessment, it was determined that the estimated anti-dumping duty accrual was no longer necessary.

NET LOSS (GAIN) ON DISPOSITION OF ASSETS AND OTHER IMPAIRMENT CHARGES

The net gain on disposition and impairment of assets totaled $3.4 million in 2014. Included within the $3.4 million net gain was a gain on the sale of certain real estate totaling $2.7 million completed by a 50% owned subsidiary of the Company. During 2014, we also recognized a net gain on the sale of other properties and equipment totaling $1.9 million. These gains were offset by a $1.2 million impairment loss recorded to reduce the value of one of our vacant properties.

INTEREST, NET

Net interest costs were lower in 2016 compared to 2015, due to a lower outstanding balance on our revolving line of credit throughout 2016 resulting in less associated interest expense.

Net interest costs were higher in 2015 compared to 2014, due to a higher outstanding balance on our revolving line of credit throughout 2015 resulting in additional associated interest expense and the loss of interest income related to notes receivable collected in late 2014 and 2015.

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 decreased to 34.3% in 2016 compared to 35.0% in 2015. The decrease in the 2016 tax rate is primarily due to a reduction in our estimated state tax rate.

Our effective tax rate decreased to 35.0% in 2015 compared to 35.7% in 2014. The decrease in the 2015 tax rate is due to an increase in our domestic manufacturing deduction and a reduction in our estimated state tax rate.

SEGMENT REPORTING

The following table presents, for the periods indicated, our net sales and earnings from operations by reportable segment.

(in thousands)	Net Sales				
	December 31, 2016	December 26, 2015	December 27, 2014	2016 vs 2015	2015 vs 2014
North	$ 1,000,426	$ 922,092	$ 840,277	8.5%	9.7%
South	711,862	656,550	611,700	8.4	7.3
West	1,251,093	1,133,398	1,062,565	10.4	6.7
idX	87,001	—	—	—	—
All Other	190,111	175,031	145,787	8.6	20.1
Total	$ 3,240,493	$ 2,887,071	$ 2,660,329	12.2%	8.5%

(in thousands)	Earnings from Operations				
	December 31, 2016	December 26, 2015	December 27, 2014	2016 vs 2015	2015 vs 2014
North	$ 59,408	$ 53,879	$ 32,988	10.3 %	63.3 %
South	47,146	30,740	24,474	53.4	25.6
West	76,875	70,220	53,575	9.5	31.1
idX	627	—	—	—	—
All Other	16,012	3,038	3,155	427.1	(3.7)
Corporate[1]	(35,630)	(22,410)	(16,825)	(59.0)	(33.2)
Total	$ 164,438	$ 135,467	$ 97,367	21.4 %	39.1 %

[1]Corporate primarily represents over (under) allocated administrative costs and certain incentive compensation expense.

North

(in thousands)	Net Sales				
	North Segment by Market				
	Twelve Months Ended				
Market Classification	December 31, 2016	December 26, 2015	December 27, 2014	% Change 2016 vs 2015	% Change 2015 vs 2014
Retail	$ 465,823	$ 415,709	$ 351,734	12.1	18.2
Industrial	118,492	119,890	122,189	(1.2)	(1.9)
Construction	436,121	402,534	379,011	8.3	6.2
Total Gross Sales	1,020,436	938,133	852,934	8.8	10.0
Sales Allowances	(20,010)	(16,041)	(12,657)	(24.7)	(26.7)
Total Net Sales	$ 1,000,426	$ 922,092	$ 840,277	8.5	9.7

Net sales attributable to the North reportable segment increased by 8.5% in 2016, due to increases in sales to our retail and residential construction markets, offset by a decrease in sales to our industrial customers as a result of the same factors discussed under "Gross Sales".

Earnings from operations for the North reportable segment increased in 2016 primarily due to the growth in our sales to retail and residential construction customers. Additionally, margin improvements were achieved on sales to the retail and industrial markets due to a more favorable product sales mix focused on value-added products. These improvements were offset by a 12.6% increase in our SG&A expenses from 2015 to 2016.

Net sales attributable to the North reportable segment increased by 9.7% in 2015, due to an increase in sales to our retail, residential construction, and manufactured housing customers, offset by a decline in sales to our industrial customers, as a result of the same factors discussed under "Gross Sales".

Earnings from operations for the North reportable segment increased in 2015 primarily due to the growth in our sales to retail and residential construction customers. Margin improvements were also achieved due to a more favorable product sales mix and a decline in lumber costs in the last six months of 2015 on products we sell with fixed selling prices. These improvements were offset by an 11.4% increase in our SG&A expenses from 2014 to 2015.

South

(in thousands)	Net Sales				
	South Segment by Market				
	Twelve Months Ended				
Market Classification	December 31, 2016	December 26, 2015	December 27, 2014	% Change 2016 vs 2015	% Change 2015 vs 2014
Retail	$ 315,109	$ 288,395	$ 259,121	9.3	11.3
Industrial	249,599	245,539	234,271	1.7	4.8
Construction	161,382	134,400	127,603	20.1	5.3
Total Gross Sales	726,090	668,334	620,995	8.6	7.6
Sales Allowances	(14,228)	(11,784)	(9,295)	(20.7)	(26.8)
Total Net Sales	$ 711,862	$ 656,550	$ 611,700	8.4	7.3

Net sales attributable to the South reportable segment increased by 8.4% in 2016, primarily due to an increase in sales to our retail and manufactured housing customers, as a result of the same factors discussed under "Gross Sales".

Earnings from operations for the South reportable segment increased in 2016 primarily due to the growth in our sales to retail and manufactured housing customers. Additionally, we achieved margin improvements primarily due to improvements in our sales mix of more value-added products and closure of certain under-performing operations. The overall improvement in gross profit was offset by a 4.7% increase in SG&A expenses from 2015 to 2016.

Net sales attributable to the South reportable segment increased by 7.3% in 2015, primarily due to an increase in sales to our retail, industrial, and manufactured housing customers, as a result of the same factors discussed under "Gross Sales".

Earnings from operations for the South reportable segment increased in 2015 primarily due to our growth in sales and margin improvements. Margin improvements were primarily due to a more favorable product sales mix and low lumber costs in the last six months of 2015 on products we sell with fixed selling prices. The overall improvement in gross profit was offset by a 9.5% increase in SG&A expenses from 2014 to 2015.

West

	Net Sales				
	West Segment by Market				
(in thousands)	Twelve Months Ended				
Market Classification	December 31, 2016	December 26, 2015	December 27, 2014	% Change 2016 vs 2015	% Change 2015 vs 2014
Retail	$ 384,666	$ 322,639	$ 313,403	19.2	2.9
Industrial	471,055	463,908	384,265	1.5	20.7
Construction	411,810	360,353	378,059	14.3	(4.7)
Total Gross Sales	1,267,531	1,146,900	1,075,727	10.5	6.6
Sales Allowances	(16,438)	(13,502)	(13,162)	(21.7)	(2.6)
Total Net Sales	$ 1,251,093	$ 1,133,398	$ 1,062,565	10.4	6.7

Net sales of the West reportable segment increased by 10.4% in 2016, primarily due to an increase in sales to the retail and construction markets, as a result of the same factors discussed under "Gross Sales". Additionally, newly acquired businesses contributed $11.3 million in gross sales to the retail and construction markets in 2016.

Earnings from operations for the West reportable segment increased in 2016 primarily due to growth in our sales to the retail and construction markets, and an improvement in margins. Our margins increased due to an improvement in our sales mix of value-added products. These improvements were offset by a 14.2% increase in SG&A expenses during 2016.

Net sales of the West reportable segment increased by 6.7% in 2015, due to an increase in sales to the retail, commercial construction, and industrial markets. Businesses we acquired in 2015 and at the end of 2014 contributed $92.3 million to our growth in sales to the industrial market. These increases were offset by a decline in sales to manufactured housing and residential construction customers.

Earnings from operations for the West reportable segment increased in 2015 primarily due to the growth in our sales to the retail and industrial markets and an improvement in margins. Our margins increased due to an improvement in our sales mix of value-add products and lower lumber prices in the last six months of 2015 on products we sell with fixed selling prices. These improvements were offset by a 9.9% increase in SG&A expenses during 2015.

idX

(in thousands)	Net Sales idX Segment by Market Twelve Months Ended				
Market Classification	December 31, 2016	December 26, 2015	December 27, 2014	% Change 2016 vs 2015	% Change 2015 vs 2014
Industrial	87,262	—	—	—	—
Total Gross Sales	87,262	—	—	—	—
Sales Allowances	(261)	—	—	—	—
Total Net Sales	$ 87,001	$ —	$ —	—	—

On September 16, 2016, we acquired idX Holdings, Inc. ("idX"). idX is a designer, manufacturer and installer of highly customized in-store environments that are used in a range of end markets. Prior to acquisition, idX had annual sales and earnings from operations of approximately $300 million and $23 million, respectively.

All Other

(in thousands)	Net Sales All Other Segment by Market Twelve Months Ended				
Market Classification	December 31, 2016	December 26, 2015	December 27, 2014	% Change 2016 vs 2015	% Change 2015 vs 2014
Retail	$ 127,295	$ 109,900	$ 100,530	15.8	9.3
Industrial	61,632	63,813	47,724	(3.4)	33.7
Construction	3	12	26	(75.0)	(53.8)
Total Gross Sales	188,930	173,725	148,280	8.8	17.2
Sales Allowances	1,181	1,306	(2,493)	9.6	152.4
Total Net Sales	$ 190,111	$ 175,031	$ 145,787	8.6	20.1

Net sales of all other segments increased 8.6% in 2016 primarily due to an increase in sales by our Alternative Materials operations, primarily due to an increase in market share with certain Big Box retailers.

Earnings from operations for all other segments increased in 2016, primarily due to the sales growth and operational improvements of our Alternative Materials operations and to a lesser extent the performance of our captive insurance subsidiary, Ardellis.

Net sales of all other segments increased 20.1% in 2015 primarily due to:

- An increase in sales by our Alternative Materials operations to retail customers. Our Alternative Materials operations primarily manufacture, distribute, and sell composite decking, decorative post caps and balusters, and a variety of other deck accessories to retail customers.
- An increase in sales to the Industrial market by our Pinelli Universal partnership. Pinelli Universal manufactures moulding and millwork products out of its plant in Durango, Mexico.
- Our Integra Packaging partnership, acquired in 2015, which manufactures and distributes specialty packaging products.

Earnings from operations for all other segments decreased slightly in 2015, primarily due to a gain on the sale of certain real estate in Mexico recorded in the third quarter of 2014 totaling $2.7 million and a 28% increase in SG&A expenses in 2015, offset by margin improvements achieved by our Pinelli Universal partnership on its sales to industrial customers in 2015.

OFF-BALANCE SHEET COMMITMENTS AND CONTRACTUAL OBLIGATIONS

We have no significant off-balance sheet commitments other than operating leases. The following table summarizes our contractual obligations as of December 31, 2016 (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 and capital lease obligations	$ 2,595	$ 24,348	$ 41,490	$ 43,260	$ 111,693
Estimated interest on long-term debt and capital lease obligations	3,548	6,954	6,114	6,296	22,912
Operating leases	17,664	23,014	10,214	4,974	55,866
Capital project purchase obligations	10,075	—	—	—	10,075
Total	$ 33,882	$ 54,316	$ 57,818	$ 54,530	$ 200,546

As of December 31, 2016, we also had $25.5 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):

	December 31, 2016	December 26, 2015	December 27, 2014
Cash from operating activities	172,520	168,796	73,120
Cash used in investing activities	(227,469)	(46,817)	(67,063)
Cash from (used in) financing activities	3,211	(33,002)	(5,205)
Effect of exchange rate changes on cash	(1,927)	(1,221)	(852)
Net change in cash and cash equivalents	(53,665)	87,756	—
Cash and cash equivalents, beginning of year	87,756	0	0
Cash and cash equivalents, end of year	$ 34,091	$ 87,756	$ —

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 issuance 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 earnings before interest, taxes, depreciation and amortization. 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 due to our primary selling season which occurs during the period from March to August. Consequently, our working capital increases during our first and second quarter resulting in negative or modest cash flows from operations during those periods. Conversely, we experience a substantial decrease in working capital once we move beyond our peak selling season which typically results in significant cash flows 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 of sales outstanding plus days supply of inventory less days payables outstanding) is a good indicator of our working capital management. As indicated in the table below, our cash cycle decreased to 48 days in 2016 from 53 days in 2015.

	Twelve Months Ended		
	December 31, 2016	December 26, 2015	December 27, 2014
Days of sales outstanding	$ 31	$ 31	$ 31
Days supply of inventory	38	43	41
Days payables outstanding	(21)	(21)	(22)
Days in cash cycle	48	53	50

Improvements in our days supply of inventory in 2016 was due, in part, to strong customer demand, particularly in our retail market which typically requires a greater investment in inventory than our other markets, as well as certain improvements in inventory management. Additionally, during 2015 we carried higher levels of safety stock inventory due to inclement weather early in the year and expected industry transportation challenges. Each of our operating segments achieved significant improvements in their days supply of inventory. Our North, South, and West segments improved their days supply of inventory by 9%, 22%, and 12%, respectively, through 2016.

Our cash flows from operating activities in 2016 was $172.5 million, which was comprised of net earnings of $105.5 million, $48.2 million of non-cash expenses, and a $18.8 million decrease in working capital since the end of December 2015. Comparatively, cash generated from operating activities was approximately $168.8 million in 2015, which was comprised of net earnings of $85.1 million, $41.6 million of non-cash expenses, and a $42.1 million decrease in working capital since the end of 2014. In 2015, working capital declined primarily due to reducing inventory to targeted levels and an increase in accrued liabilities resulting from a $17 million increase in accrued compensation.

Acquisitions comprised most of our cash used in investing activities during 2016 and totaled $172.9 million, which includes $92.8 million paid to retire all of idX's debt and certain other obligations on the acquisition date. Additionally purchases of property, plant, and equipment totaled $53.8 million and included approximately $16 million of investments we believe will contribute to future sales and profit growth. Outstanding purchase commitments on existing capital projects totaled approximately $10.1 million on December 31, 2016. Comparatively, capital expenditures were $43.5 million in 2015, and we had outstanding purchase commitments on existing capital projects totaling approximately $3.3 million on December 26, 2015.

Cash flows from financing activities primarily consisted of net borrowings under our revolving credit facility of approximately $23.7 million, offset by $17.7 million in dividend payments in June at $0.42 per share and December at $0.45 per share. In 2015, cash flows used in financing activities included $16.5 million of dividends paid to shareholders. Additionally in 2015, we repaid the $13.9 million outstanding balance on our revolving credit facility.

On December 31, 2016, we had $23.9 million outstanding on our $295 million revolving credit facility. The revolving credit facility also supports letters of credit totaling approximately $9.8 million on December 31, 2016. As a result, we have approximately $261 million in remaining availability on our revolver. Additionally, we have $150 million in availability under a "shelf agreement" for long term debt with a current lender. Financial covenants on the unsecured revolving credit facility and unsecured notes include minimum interest 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 in compliance with all our covenant requirements on December 31, 2016.

ENVIRONMENTAL CONSIDERATIONS AND REGULATIONS

See Notes to Consolidated Financial Statements, Note M, "Commitments, Contingencies, and Guarantees".

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 memorandums 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.

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. As a result of favorable factors in each of these areas combined with substantial excess equity value over carrying value from the prior year analysis, management has determined that the carryforward method is appropriate to use. The discounted cash flow analysis, from prior years, uses the following assumption: a business is worth today what it can generate in future cash flows; cash received today is worth more than an equal amount of cash received in the future; and future cash flows can be reasonably estimated. The discounted cash flow analysis is based on the present value of projected cash flows and residual values.

As of September 25, 2016, based on the carryforward method and the analysis, the fair values would exceed the carrying values for each of the Company's operating segments.

If the carrying value of a long-lived asset is considered impaired, a level two analysis will be conducted and an impairment charge is recorded to adjust the asset to its fair value. Changes in forecasted operations and changes in discount rates can materially affect these estimates. In addition, we test goodwill annually for impairment or more frequently if changes in circumstances or the occurrence of other events suggest impairments exist. The test for impairment requires us to make several estimates about fair value, most of which are based on projected future cash flows and market valuation multiples. Changes in these estimates may result in the recognition of an impairment loss.

INSURANCE RESERVES

We are primarily self-insured for certain employee health benefits, and have self-funded retentions for general liability, automobile liability, property and workers' compensation. We are fully self-insured for environmental liabilities. The general liability, automobile liability, property, workers' compensation, and certain environmental liabilities are managed through a wholly-owned insurance company; the related assets and liabilities of which are included in the consolidated financial statements as of December 31, 2016. 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 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.

In addition to providing coverage for the Company, our wholly-owned insurance company provides Excess Loss Insurance (primarily medical and prescription drug) to certain third parties. As of December 31, 2016, there were 26 such contracts in place. Reserves associated with these contracts were $2.5 million at December 31, 2016 and $2.0 million at December 26, 2015, and are accrued based on third party actuarial valuations of the expected future liabilities.

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 income 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 income tax assets and liabilities.

Tax laws are complex and subject to different interpretations by taxpayers and respective government taxing authorities, which results in judgment in determining our tax expense and in evaluating our tax positions. Our tax positions are reviewed quarterly and adjusted as new information becomes available.

REVENUE RECOGNITION

Revenue for product sales 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.

Performance on construction contracts is reflected in operations using percentage-of-completion accounting, under either the cost to cost or units of delivery methods, depending on the nature of the business at individual operations. Under percentage-of-completion using the cost to cost method, revenues and related earnings on construction contracts are measured by the relationships of actual costs incurred related to the total estimated costs. Under percentage-of-completion using the units of delivery method, revenues and related earnings on construction contracts are measured by the relationships of actual units produced related to the total number of units per the contract. 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.

Our construction contracts are generally entered into with a fixed price and completion of the projects can range from 6 to 18 months in duration. Therefore, our operating results are impacted by, among many other things, labor rates and commodity costs. During the year, we update our estimated costs to complete our projects using current labor and commodity costs and recognize losses to the extent that they exist.

FORWARD OUTLOOK

GOALS

The Company's goal is to achieve sales growth that exceeds positive GDP growth by 4 percent to 6 percent.

Our general long-term objectives also include:

- Achieving sales growth primarily through new product introduction, international business expansion, and gaining additional market share, particularly in our retail, industrial and commercial construction markets;
- Increasing our profitability through cost reductions, productivity improvements as volume improves, and a more favorable mix of value-added products; and
- Earning a return on invested capital in excess of our weighted average cost of capital.

RETAIL MARKET

The Home Improvement Research Institute ("HIRI") anticipates growth in home improvement spending and has forecasted a 3.9% compounded annual growth rate through 2020.

We continue to compete for market share for certain retail customers and face intense pricing pressure from other suppliers to this market.

Our long-term goal is to achieve sales growth by:

- Increasing our market share of value-added and preservative-treated products, particularly with independent retail customers.
- Developing new, value-added products, such as our Eovations product line.
- Adding new products and customers through strategic business acquisitions or alliances.
- Increasing our emphasis on product innovation and product differentiation in order to counter commoditization trends and influences.

INDUSTRIAL MARKET

Our goal is to increase our sales of wood and alternative packaging products to a wide variety of industrial and OEM 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 growth opportunities as a result of our competitive advantages in manufacturing, purchasing, and material utilization. We plan to continue to obtain market share by expanding our manufacturing capabilities and product offerings and increasing the size of our dedicated industrial design and sales personnel. We also plan to pursue strategic acquisition opportunities.

On September 16, 2016, we acquired idX. See Footnote C "Business Combinations" in the Notes to Consolidated Financial Statements. We plan to pursue opportunities to grow this business in the future including strategic acquisition opportunities.

CONSTRUCTION MARKET

The *National Association of Home Builders* forecasts an 8% decrease in manufactured home shipments in 2017 followed by a 13% increase in 2018. We will strive to maintain our market share of trusses produced for this market.

The *Mortgage Bankers Association of America* forecasts an 8% increase in national housing starts to an estimated 1.3 million starts in 2017. The *National Association of Home Builders* forecasts starts of 1.2 million, a 7% increase from 2016. We believe we are well-positioned to capture our share of any increase that may occur in housing starts in the regions we operate. However, due to our conservative approach to adding capacity to serve this market and focus on managing potential channel conflicts with certain customers, our growth may trail the market in future years.

GROSS PROFIT

We believe the following factors may impact our gross profits and margins in 2017:

- End market demand.
- Our ability to maintain market share and gross margins on products sold to our largest customers. We believe our level of service, geographic diversity, and quality of products provides an added value to our customers. However, if our customers are unwilling to pay for these advantages, our sales and gross margins may be reduced. Excess capacity exists for suppliers in certain of our markets. As a result, we may experience pricing pressure in the future.
- Sales mix of value-added and commodity products.
- Fluctuations in the relative level of the Lumber Market and the trend in the market place of lumber. (See "Impact of the Lumber Market on our Operating Results.")
- Fuel and transportation costs.
- Rising labor and benefit costs.
- Our ability to continue to achieve productivity improvements as our unit sales increase and planned cost reductions through our continuous improvement and other initiatives.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

In recent years, selling, general and administrative (SG&A) expenses have increased as we have added personnel needed to take advantage of growth opportunities and execute our initiatives designed to increase our sales of new products and improve our sales mix of value-added products. We anticipate our trend of increases in these costs will continue in 2017, but it is an objective to reduce these costs as a percentage of sales (assuming lumber prices remain stable) as we grow as a result of fixed costs and through the improved productivity of our people. In addition, bonus and other incentive expenses for all salaried and sales employees is based on profitability and the effective management of our assets and will continue to fluctuate based on our results.

On a long-term basis, we expect that our SG&A expenses will primarily be impacted by:

- Our growth in sales to the industrial market and, as industry conditions continue to improve, the residential construction market. Our sales to these markets require a higher ratio of SG&A costs due, in part, to product design and engineering requirements.

- Sales of new products which generally require higher development, marketing, advertising, and other selling costs.
- Our incentive compensation programs which are tied to gross profits, pre-bonus earnings from operations, and return on investment.
- Our growth and success in achieving continuous improvement objectives designed to improve our productivity and leveraging our fixed costs.

LIQUIDITY AND CAPITAL RESOURCES

Our cash cycle will continue to be impacted in the future by our mix of sales by market. Sales to the residential and commercial construction and industrial markets require a greater investment in working capital (inventory and accounts receivable) than our sales to the retail and manufactured housing markets. Additionally, our investment in trade receivables and inventory will continue to be impacted by the level of lumber prices.

In 2017, management expects to spend approximately $65 million on capital expenditures, incur depreciation of approximately $42 million, and incur amortization and other non-cash expenses of approximately $10 million. On December 31, 2016, we had outstanding purchase commitments on capital projects of approximately $10.1 million. We intend to fund capital expenditures and purchase commitments through our operating cash flows and availability under our revolving credit facility which is considered sufficient to meet these commitments and working capital needs.

We have no present plan to change our dividend policy, which was recently increased to a semi-annual rate of $0.45 per share. Our dividend rates are reviewed and approved at our April and October board meetings and payments are made in June and December of each year.

We have a share repurchase program approved by our Board of Directors, and as of December 31, 2016, we have authorization to buy back approximately 2.9 million shares. In the past, we have repurchased shares in order to offset the effect of issuances resulting from our employee benefit plans and at opportune times when our stock price falls to predetermined levels.

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 31, 2016, based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO"). Based on that evaluation, management has concluded that as of December 31, 2016, our internal control over financial reporting was effective.

Management excluded the assessment of our effectiveness of internal control over financial reporting for idX Holdings, Inc. ("idX"), which was acquired on September 16, 2016. We have made the election to complete the evaluation of internal controls over financial reporting in 2017 for idX. idX constitutes 14% of total assets, 3% of net sales, and less than 1% of earnings from operations of Universal Forest Products, Inc.'s consolidated financial statements as of December 31, 2016.

The effectiveness of the Company's internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which follows our report.

Universal Forest Products, Inc.

March 1, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Universal Forest Products, Inc.
Grand Rapids, Michigan

We have audited the internal control over financial reporting of Universal Forest Products, Inc. and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Annual Report on Internal Controls Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at idX Holdings, Inc., which was acquired on September 16, 2016 and whose financial statements constitute 14% of total assets, 3% of net sales, and less than 1% of earnings from operations of the consolidated financial statement amounts as of and for the year ended December 31, 2016. Accordingly, our audit did not include the internal control over financial reporting of idX Holdings, Inc. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on 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, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, 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 by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the 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, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2016 of the Company and our report dated March 1, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ Deloitte & Touche LLP

Grand Rapids, Michigan
March 1, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Universal Forest Products, Inc.
Grand Rapids, Michigan

We have audited the accompanying consolidated balance sheets of Universal Forest Products, Inc. and subsidiaries (the "Company") as of December 31, 2016 and December 26, 2015, and the related consolidated statements of earnings and comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. 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, such consolidated financial statements present fairly, in all material respects, the financial position of Universal Forest Products, Inc. and subsidiaries as of December 31, 2016 and December 26, 2015, and the results of their operations and their cash flows for each of the three years then in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Grand Rapids, Michigan
March 1, 2017

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	December 31, 2016	December 26, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 34,091	$ 87,756
Investments	10,348	6,743
Restricted cash	398	586
Accounts receivable, net	282,253	222,964
Inventories:		
Raw materials	198,954	168,548
Finished goods	198,273	136,370
Total inventories	397,227	304,918
Refundable income taxes	11,459	7,784
Other current assets	20,662	17,481
TOTAL CURRENT ASSETS	756,438	648,232
DEFERRED INCOME TAXES	1,546	1,312
OTHER ASSETS	8,617	8,298
GOODWILL	198,535	180,990
INDEFINITE-LIVED INTANGIBLE ASSETS	2,340	2,340
OTHER INTANGIBLE ASSETS, NET	26,731	15,357
PROPERTY, PLANT AND EQUIPMENT:		
Land and improvements	124,316	118,701
Building and improvements	204,586	180,066
Machinery and equipment	332,397	303,081
Furniture and fixtures	22,570	21,682
Construction in progress	15,593	4,515
PROPERTY, PLANT AND EQUIPMENT, GROSS	699,462	628,045
Less accumulated depreciation and amortization	(401,611)	(376,895)
PROPERTY, PLANT AND EQUIPMENT, NET	297,851	251,150
TOTAL ASSETS	$ 1,292,058	$ 1,107,679

See notes to consolidated financial statements.

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	December 31, 2016	December 26, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Cash overdraft	$ 19,761	$ —
Accounts payable	124,660	95,041
Accrued liabilities:		
Compensation and benefits	92,441	78,877
Other	32,281	29,112
Current portion of long-term debt	2,634	1,145
TOTAL CURRENT LIABILITIES	271,777	204,175
LONG-TERM DEBT	109,059	84,750
DEFERRED INCOME TAXES	20,817	23,838
OTHER LIABILITIES	29,939	28,507
TOTAL LIABILITIES	431,592	341,270
SHAREHOLDERS' EQUITY:		
Controlling interest shareholders' equity:		
Preferred stock, no par value; shares authorized 1,000,000; issued and outstanding, none	$ —	$ —
Common stock, $1 par value; shares authorized 40,000,000; issued and outstanding, 20,342,069 and 20,141,709	20,342	20,142
Additional paid-in capital	185,333	171,562
Retained earnings	649,135	565,636
Accumulated other comprehensive earnings	(5,630)	(4,585)
Total controlling interest shareholders' equity	849,180	752,755
Noncontrolling interest	11,286	13,654
TOTAL SHAREHOLDERS' EQUITY	860,466	766,409
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,292,058	$ 1,107,679

See notes to consolidated financial statements.

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(in thousands, except per share data)

	Year Ended		
	December 31, 2016	December 26, 2015	December 27, 2014
NET SALES	$ 3,240,493	$ 2,887,071	$ 2,660,329
COST OF GOODS SOLD	2,765,903	2,487,167	2,334,987
GROSS PROFIT	474,590	399,904	325,342
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	310,152	264,265	229,775
ANTI-DUMPING DUTY ASSESSMENTS	—	—	1,600
NET LOSS (GAIN) ON DISPOSITION OF ASSETS AND IMPAIRMENT CHARGES	—	172	(3,400)
EARNINGS FROM OPERATIONS	164,438	135,467	97,367
INTEREST EXPENSE	4,575	5,133	4,267
INTEREST INCOME	(541)	(294)	(2,235)
EQUITY IN EARNINGS OF INVESTEE	(267)	(374)	(378)
	3,767	4,465	1,654
EARNINGS BEFORE INCOME TAXES	160,671	131,002	95,713
INCOME TAXES	55,174	45,870	34,149
NET EARNINGS	105,497	85,132	61,564
LESS NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(4,318)	(4,537)	(4,013)
NET EARNINGS ATTRIBUTABLE TO CONTROLLING INTEREST	$ 101,179	$ 80,595	$ 57,551
EARNINGS PER SHARE - BASIC	$ 4.97	$ 3.99	$ 2.87
EARNINGS PER SHARE - DILUTED	$ 4.96	$ 3.99	$ 2.86
OTHER COMPREHENSIVE INCOME:			
OTHER COMPREHENSIVE LOSS	(2,703)	(7,257)	(3,116)
COMPREHENSIVE INCOME	102,794	77,875	58,448
LESS COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	(2,660)	(3,213)	(3,015)
COMPREHENSIVE INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	$ 100,134	$ 74,662	$ 55,433

See notes to consolidated financial statements.

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except share and per share data)

	Controlling Interest Shareholders' Equity						
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehen-sive Earnings	Employees Stock Notes Receivable	Noncontrolling Interest	Total
Balance at December 28, 2013	**$ 19,948**	**$ 156,129**	**$ 461,812**	**$ 3,466**	**$ (732)**	**$ 9,111**	**$ 649,734**
Net earnings			57,551			4,013	61,564
Foreign currency translation adjustment				(2,118)		(998)	(3,116)
Noncontrolling interest associated with business acquisitions						3,650	3,650
Distributions to noncontrolling interest						(1,910)	(1,910)
Cash dividends - $0.210 & $0.400 per share - semiannually			(12,205)				(12,205)
Issuance of 15,639 shares under employee stock plans	16	525					541
Issuance of 77,970 shares under stock grant programs	78	1,125	13				1,216
Issuance of 49,337 shares under deferred compensation plans	49	(49)					—
Repurchase of 105,012 shares	(105)		(4,761)				(4,866)
Tax benefits from non-qualified stock options exercised		319					319
Expense associated with share-based compensation arrangements		1,919					1,919
Accrued expense under deferred compensation plans		2,515					2,515
Note receivable adjustment	(2)		(76)		78		—
Payments received on employee stock notes receivable					199		199
Balance at December 27, 2014	**$ 19,984**	**$ 162,483**	**$ 502,334**	**$ 1,348**	**$ (455)**	**$ 13,866**	**$ 699,560**

See notes to consolidated financial statements

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except share and per share data)

	Controlling Interest Shareholders' Equity						
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehen-sive Earnings	Employees Stock Notes Receivable	Noncontrolling Interest	Total
Net earnings			80,595			4,537	85,132
Foreign currency translation adjustment				(5,892)		(1,324)	(7,216)
Unrealized gain (loss) on investment				(41)			(41)
Noncontrolling interest associated with business acquisitions						1,019	1,019
Distributions to noncontrolling interest						(3,188)	(3,188)
Purchase of noncontrolling interest						(1,256)	(1,256)
Cash dividends - $0.400 & $0.420 per share - semiannually			(16,507)				(16,507)
Issuance of 30,213 shares under employee stock plans	31	1,044					1,075
Issuance of 75,604 shares under stock grant programs	76	1,836					1,912
Issuance of 65,054 shares under deferred compensation plans	65	(65)					—
Repurchase of 13,613 shares	(14)		(786)		304		(496)
Tax benefits from non-qualified stock options exercised		370					370
Expense associated with share-based compensation arrangements		1,846					1,846
Accrued expense under deferred compensation plans		4,048					4,048
Payments received on employee stock notes receivable					151		151
Balance at December 26, 2015	**$ 20,142**	**$ 171,562**	**$ 565,636**	**$ (4,585)**	**$ —**	**$ 13,654**	**$ 766,409**

See notes to consolidated financial statements

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except share and per share data)

	Controlling Interest Shareholders' Equity					
	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Earnings	Noncontrolling Interest	Total
Net earnings			101,179		4,318	105,497
Foreign currency translation adjustment				(1,316)	(1,658)	(2,974)
Unrealized gain (loss) on investment				271		271
Distributions to noncontrolling interest					(3,280)	(3,280)
Net purchase and dissolution of noncontrolling interest		856			(1,748)	(892)
Cash dividends - $0.420 & $0.450 per share - semiannually			(17,680)			(17,680)
Issuance of 6,813 shares under employee stock plans	7	529				536
Issuance of 135,757 shares under stock grant programs	135	5,162				5,297
Issuance of 57,790 shares under deferred compensation plans	58	(58)				—
Expense associated with share-based compensation arrangements		2,208				2,208
Accrued expense under deferred compensation plans		5,074				5,074
Balance at December 31, 2016	**$ 20,342**	**$ 185,333**	**$ 649,135**	**$ (5,630)**	**$ 11,286**	**$ 860,466**

See notes to consolidated financial statements

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended		
	December 31, 2016	December 26, 2015	December 27, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 105,497	$ 85,132	$ 61,564
Adjustments to reconcile net earnings attributable to controlling interest to net cash from operating activities:			
Depreciation	40,823	37,710	33,913
Amortization of intangibles	2,795	3,531	2,410
Expense associated with share-based compensation arrangements	2,208	1,846	1,919
Excess tax benefits from share-based compensation arrangements	—	(33)	(14)
Expense associated with stock grant plans	127	109	94
Deferred income taxes	2,464	(1,369)	4,926
Equity in earnings of investee	(267)	(374)	(378)
Net loss (gain) on disposition and impairment of assets	—	172	(3,400)
Changes in:			
Accounts receivable	(5,119)	(26,007)	(9,710)
Inventories	(3,245)	34,139	(49,575)
Accounts payable and cash overdraft	11,259	4,798	15,390
Accrued liabilities and other	15,978	29,142	15,981
NET CASH FROM OPERATING ACTIVITIES	172,520	168,796	73,120
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(53,762)	(43,522)	(45,305)
Proceeds from sale of property, plant and equipment	3,126	2,843	9,005
Acquisitions, net of cash received	(80,077)	(2,505)	(34,641)
Repayment of debt of acquiree	(92,830)	—	—
Purchase and dissolution of remaining noncontrolling interest in subsidiary	(892)	(1,256)	—
Advances on notes receivable	(6,012)	(6,994)	(6,201)
Collections on notes receivable	7,899	11,446	9,926
Purchases of investments	(5,666)	(7,858)	—
Proceeds from sale of investments	2,568	1,115	—
Cash restricted as to use	188	(181)	315
Other	(2,011)	95	(162)
NET CASH FROM INVESTING ACTIVITIES	(227,469)	(46,817)	(67,063)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings under revolving credit facilities	131,002	297,711	211,770
Repayments under revolving credit facilities	(107,294)	(311,271)	(197,825)
Proceeds from issuance of common stock	536	1,074	541
Distributions to noncontrolling interest	(3,280)	(3,188)	(1,910)
Dividends paid to shareholders	(17,680)	(16,507)	(12,205)
Repurchase of common stock	—	(800)	(4,866)
Other	(73)	(21)	(710)
NET CASH FROM FINANCING ACTIVITIES	3,211	(33,002)	(5,205)
Effect of exchange rate changes on cash	(1,927)	(1,221)	(852)

NET CHANGE IN CASH AND CASH EQUIVALENTS		(53,665)		87,756		—
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		87,756		0		—
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	34,091	$	87,756	$	0
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:						
Interest paid	$	4,550	$	5,118	$	4,334
Income taxes paid		57,311		42,767		38,475
NON-CASH INVESTING ACTIVITIES						
Accounts receivable exchanged for notes receivable	$	—	$	—	$	2,768
Notes receivable exchanged for property		—		389		3,000
NON-CASH FINANCING ACTIVITIES:						
Common stock issued under deferred compensation plans	$	4,353	$	3,461	$	2,567
Property exchanged for notes receivable		—		300		—
Acquisition earnout and noncompete adjustment prior to final purchase accounting		—		14,195		—

See notes to consolidated financial statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

We design, manufacture and market wood and wood-alternative products for large home centers and other retailers; structural lumber, engineered wood components, framing services, and other products for the construction market; specialty wood packaging, components, packing materials, and other wood-based products for various industries; and design, manufacture, and install customized fixtures and in-store environments for various markets.

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 any entity which we own 50% or more and exercise control. Intercompany transactions and balances have been eliminated.

NONCONTROLLING INTEREST IN SUBSIDIARIES

Noncontrolling interest in results of operations of consolidated subsidiaries represents the noncontrolling shareholders' share of the income or loss of various consolidated subsidiaries. The noncontrolling interest reflects the original investment by these noncontrolling 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 2016, 2015, and 2014 relate to the fiscal years ended December 31, 2016, December 26, 2015, and December 27, 2014, respectively. Fiscal year 2016 was comprised of 53 weeks, which contributed an additional $53 million in sales in 2016 compared to fiscal years 2015 and 2014, which were comprised of 52 weeks.

FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

We follow ASC Topic 820, *Fair Value Measurements and Disclosures*, which provides a consistent definition of fair value, focuses on exit price, prioritizes the use of market-based inputs over entity-specific inputs for measuring fair value and establishes a three-tier hierarchy for fair value measurements. This topic requires fair value measurements to be classified and disclosed in one of the following three categories:

- Level 1 — Financial instruments with unadjusted, quoted prices listed on active market exchanges.
- Level 2 — Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. Financial instrument values are determined using prices for recently traded financial instruments with similar underlying terms and direct or indirect observational inputs, such as interest rates and yield curves at commonly quoted intervals.
- Level 3 — Financial instruments not actively traded on a market exchange and there is little, if any, market activity. Values are determined using significant unobservable inputs or valuation techniques.

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.

Restricted cash consists of amounts required to be held for loss funding totaling $0.4 and $0.6 million as of December 31, 2016 and December 26, 2015, respectively.

INVESTMENTS

Investments are deemed to be "available for sale" and are, accordingly, carried at fair value being the quoted market value. Unrealized investment gains or losses, net of deferred taxes, are reported as a separate component of comprehensive income or loss until sold.

ACCOUNTS RECEIVABLE AND ALLOWANCES

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, in most instances, as an incentive for early payment.

We base our allowances related to receivables on historical credit and collections experience, and the specific identification of other potential problems, including the general 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 uncollectible are charged to the allowance.

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

	Beginning Balance	Additions Charged to Costs and Expenses	Deductions*	Ending Balance
Year Ended December 31, 2016:				
Allowance for possible losses on accounts receivable	$ 2,672	$ 28,405	$ (28,232)	$ 2,845
Year Ended December 26, 2015:				
Allowance for possible losses on accounts receivable	$ 2,390	$ 20,538	$ (20,256)	$ 2,672
Year Ended December 27, 2014:				
Allowance for possible losses on accounts receivable	$ 2,060	$ 18,871	$ (18,541)	$ 2,390

* Includes accounts charged off, discounts given to customers and actual customer returns and allowances.

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

Accounts receivable retainage amounts related to long term construction contracts totaled $6.0 million and $6.5 million as of December 31, 2016 and December 26, 2015, respectively. All amounts are expected to be collected within 18 months. Concentration of accounts receivable related to our largest customer totaled $34.0 million and $39.1 million as of December 31, 2016 and December 26, 2015, respectively.

NOTES RECEIVABLE AND ALLOWANCES

We have written agreements to receive repayment of funds borrowed from us, consisting of principal as well as any accrued interest, at a specified future date. If we expected a portion to be uncollectible, a valuation allowance relating to these agreements would be recorded. The current portion of notes receivable totaled $1.4 million and $2.0 million at December 31, 2016 and December 26, 2015, respectively and are included in “Other Current Assets”. The long-term portion of notes receivable totaled $0.9 million and $2.4 million at December 31, 2016 and December 26, 2015, respectively and are included in “Other Assets”. We had no notes receivable allowances at December 31, 2016 and December 26, 2015.

INVENTORIES

Inventories are stated at the lower of cost or market. The cost of inventories includes raw materials, direct labor, and manufacturing overhead. Cost is determined on a weighted average 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. We have inventory on consignment at customer locations valued at $12.2 million as of December 31, 2016 and $11.7 million as of December 26, 2015. During 2015, management decided to discontinue certain product lines in our Gulf region which resulted in a $2.5 million inventory write-down. This product was sold in 2016 at an amount which approximated it's carrying value after the write-down.

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:

Land improvements	5 to 15 years
Buildings and improvements	10 to 32 years
Machinery, equipment and office furniture	2 to 8 years

LONG-LIVED ASSETS

In accordance with ASC 360, *Property, Plant, and Equipment* ("ASC 360"), when an indicator of potential impairment exists, 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.

LEASES

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-02, "Leases (Topic 842)" (ASU 2016-02). Under ASU 2016-02, an entity will be required to recognize assets and liabilities for the rights and obligations created by leases on the entity's balance sheet for both finance and operating leases. For leases with a term of 12 months or less, an entity can elect to not recognize lease assets and lease liabilities and expense the lease over a straight-line basis for the term of the lease. ASU 2016-02 will require new disclosures that depict the amount, timing, and uncertainty of cash flows pertaining to an entity's leases. Companies are required to adopt the new standard using a modified retrospective approach for annual and interim periods beginning after December 15, 2018. Early adoption of ASU 2016-02 is permitted. The Company plans to evaluate the effect of the new leasing guidance in 2017, therefore the quantitative impact has not yet been determined.

GOODWILL

Our annual testing date for evaluating goodwill and indefinite-lived intangible asset impairment is the first day of the Company's fourth fiscal quarter for all reporting units. Additionally, the Company reviews various triggering events throughout the year to ensure that a mid-year impairment analysis is not required.

FOREIGN CURRENCY

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. Gains and losses arising from re-measuring foreign currency transactions are included in earnings.

INSURANCE RESERVES

Our wholly-owned insurance company, Ardellis Insurance Ltd.("Ardellis"), was incorporated on April 21, 2001 under the laws of Bermuda and is licensed as a Class 3A insurer under the Insurance Act 1978 of Bermuda.

We are primarily self-insured for certain employee health benefits, and have self-funded retentions for general liability, automobile liability, property and workers' compensation. We are fully self-insured for environmental liabilities. The general liability, automobile liability, property, workers' compensation, and certain environmental liabilities are managed through Ardellis; the related assets and liabilities of which are included in the consolidated financial statements as of December 31, 2016 and December 26, 2015. 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.

In addition to providing coverage for the Company, Ardellis provides Excess Loss Insurance (primarily medical and prescription drug) to certain third parties. As of December 31, 2016, Ardellis had 26 such contracts in place. Reserves associated with these contracts were $2.5 million at December 31, 2016 and $2.0 million at December 26, 2015, and are accrued based on third party actuarial valuations of the expected future liabilities.

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 income 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 income tax assets and liabilities.

DEBT

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-03 - *Simplifying the Presentation of Debt Issuance Costs* on April 7, 2015 and effective for fiscal years beginning after December 15, 2015. The ASU requires the presentation of debt issuance costs in the balance sheet as a direct deduction from the recognized debt liability rather than as an asset and amortization of the costs is reported as interest expense. In accordance with ASU 2015-03, the Company complied with this ASU during the reporting period of 2016. There was no material retroactive impact to the 2015 Balance Sheet.

REVENUE RECOGNITION

On May 28, 2014, the FASB issued ASU No. 2014-09 (Accounting Standard Codification 606), Revenue from Contracts with Customers, which will replace most existing revenue recognition guidance in U.S. GAAP. The core principle of the ASU is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The ASU requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. Preliminarily, the Company plans to adopt the guidance in the first quarter of fiscal 2018 and apply the modified retrospective method. The Company is assessing the impact of this ASU on its Consolidated Financial Statements.

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 using percentage-of-completion accounting, under either the cost to cost or units of delivery methods, depending on the nature of the business at individual operations. Under percentage-of-completion using the cost to cost method, revenues and related earnings on construction contracts are measured by the relationships of actual costs incurred related to the total estimated costs. Under percentage-of-completion using the units of delivery method, revenues and related earnings on construction contracts are measured by the relationships of actual units produced related to the total number of units. 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.

Our construction contracts are generally entered into with a fixed price and completion of the projects can range from 6 to 18 months in duration. Therefore, our operating results are impacted by, among many other things, labor rates and commodity costs. During the year, we update our estimated costs to complete our projects using current labor and commodity costs and recognized losses to the extent that they exist.

The following table presents the balances of percentage-of-completion accounts on December 31, 2016 and December 26, 2015 which are included in other current assets and other accrued liabilities, respectively (in thousands):

	2016	2015
Cost and Earnings in Excess of Billings	$ 2,573	$ 3,624
Billings in Excess of Cost and Earnings	4,748	4,978

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

The computation of earnings per share ("EPS") is as follows (in thousands):

	December 31, 2016	December 26, 2015	December 27, 2014
Numerator:			
Net earnings attributable to controlling interest	$ 101,179	$ 80,595	$ 57,551
Adjustment for earnings allocated to non-vested restricted common stock	(1,595)	(1,059)	(718)
Net earnings for calculating EPS	$ 99,584	$ 79,536	$ 56,833
Denominator:			
Weighted average shares outstanding	20,363	20,184	20,081
Adjustment for non-vested restricted common stock	(321)	(265)	(250)
Shares for calculating basic EPS	20,042	19,919	19,831
Effect of dilutive stock options	33	36	23
Shares for calculating diluted EPS	20,075	19,955	19,854
Net earnings per share:			
Basic	$ 4.97	$ 3.99	$ 2.87
Diluted	$ 4.96	$ 3.99	$ 2.86

No options were excluded from the computation of diluted EPS for 2016, 2015, or 2014.

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.

B. FAIR VALUE

We apply the provisions of ASC 820, *Fair Value Measurements and Disclosures*, to assets and liabilities measured at fair value. Assets and liabilities measured at fair value are as follows:

	December 31, 2016			December 26, 2015		
(in thousands)	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Total
Money market funds	$ 64	178	$ 242	$ 78,210	—	$ 78,210
Fixed income funds	1,676	2,592	4,268	—	238	238
Equity Securities	5,609	—	5,609	—	3,130	3,130
Mutual funds:						
Domestic stock funds	760	—	760	3,523	—	3,523
International stock funds	72	—	72	237	—	237
Target funds	235	—	235	230	—	230
Bond funds	201	—	201	172	—	172
Total mutual funds	1,268	—	1,268	4,162	—	4,162
Assets at fair value	$ 8,617	$ 2,770	$ 11,387	$ 82,372	3,368	$ 85,740

We maintain money market, mutual funds, bonds, and/or stocks in our non-qualified deferred compensation plan and our wholly owned licensed captive insurance company. These funds are valued at prices quoted in an active exchange market and are included in "Cash and Cash Equivalents", "Investments", and "Other Assets". We have elected not to apply the fair value option under ASC 825, *Financial Instruments*, to any of our financial instruments except for those expressly required by U.S. GAAP.

The valuations of the Level 2 assets or liabilities rely on quoted prices in markets that are not active or observable inputs over the full term of the asset or liability. We do not maintain any Level 3 assets or liabilities that would be based on significant unobservable inputs.

In accordance with our investment policy, our wholly-owned company, Ardellis Insurance Ltd. ("Ardellis"), maintains an investment portfolio, totaling $10.3 million as of December 31, 2016, consisting of mutual funds, domestic and international stocks, and fixed income bonds.

Ardellis' available for sale investment portfolio consists of the following:

	December 31, 2016			December 26, 2015		
	Cost	**Unrealized Gain/Loss**	**Fair Value**	**Cost**	**Unrealized Gain/Loss**	**Fair Value**
Fixed Income	$ 4,310	$ (43)	$ 4,267	$ 3,362	$ (12)	$ 3,350
Equity	5,181	428	5,609	3,438	(45)	3,393
Mutual Funds	481	(9)	472	—	—	—
Total	$ 9,972	$ 376	$ 10,348	$ 6,800	$ (57)	$ 6,743

Our Fixed Income investments consist of short, intermediate, and long term bonds, as well as fixed blend bonds. Within the fixed income investments, we maintain a specific mixture of US treasury notes, US agency mortgage backed securities, private label mortgage backed securities, and various corporate securities. Our equity investments consist of small, mid, and large cap growth and value funds, as well as international equity. The net pre-tax unrealized gain was $376 thousand. Carrying amounts above are recorded in the investments line item within the balance sheet as of December 31, 2016. During 2016, Ardellis reported a net realized gain of $8 thousand which was recorded in interest income on the statement of earnings.

C. BUSINESS COMBINATIONS

We completed the following business combinations in fiscal 2016 and 2015, which were accounted for using the purchase method (in thousands).

Company Name	Acquisition Date	Purchase Price	Intangible Assets	Net Tangible Assets	Operating Segment	Business Description
The UBEECO Group Pty. Ltd. ("Ubeeco")	November 29, 2016	$9,455 cash paid for 100% stock purchase	$7,313	$2,142	All Other	A manufacturer and distributor of a variety of wood packaging and alternative material products, including boxes, crates, pallets, skids, protective packaging, packaging accessories and loose lumber. Ubeeco has annual sales of approximately $20 million.
idX Holdings, Inc. ("idX")	September 16, 2016	$66,046 cash paid for 100% stock purchase which includes $11,337 in net cash received. Also, paid $86,294 to retire outstanding debt and $6,536 of certain other obligations.	$17,016	$49,030	idX	A designer, producer, and installer of customized in-store environments that are used in a range of end markets. idX has annual sales of $300 million.
Seven D Truss, L.P.	July 29, 2016	$1,246 cash paid for asset purchase	$405	$841	North	A manufacturer and distributor of roof and floor trusses. 7D had annual sales of approximately $4.0 million.
Idaho Western, Inc. ("IWI")	June 30, 2016	$10,787 cash paid for 100% stock purchase plus $500 holdback.	$6,817	$4,248	West	A supplier of products ranging from lumber and plywood to siding and doors. IWI had annual sales of approximately $21 million.
Packnet Ltd (“Packnet”)	November 24, 2014 (majority interest) April 15, 2016 (minority interest)	$7,506 November 24, 2014 cash paid for controlling interest and $1,877 cash paid for noncontrolling asset purchase.	$7,885	$1,498	West	A supplier of industrial packaging and services based in Eagan, MN. Packnet had annual sales of $9.6 million.
Capital Components & Millwork, Inc. ("CCM")	April 15, 2016	$1,682 cash paid for asset purchase plus $205 assumed liability	$—	$1,887	North	A producer of doors and trim for customers in the greater Washington, D.C., metro area and Virginia. CCM had approximately $16.6 million in annual sales.
Rapid Wood Mfg., LLC (“Rapid Wood”)	February 2, 2015	$1,638 cash paid for asset purchase	$789	$849	West	A supplier of lumber products to the region’s manufactured housing and recreational vehicle industries based in Caldwell, Idaho. Rapid Wood had annual sales of $3.5 million in 2015.

Integra Packaging Proprietary, Ltd ("Integra Packaging")	January 16, 2015	$1,102 cash paid for 51.94% stock purchase	$1,406 (The Company portion of Intangible Assets $730 or 51.94%)	$715 (The Company portion of Net Tangible Assets $372 or 51.94%)	All Other	An Australian-based manufacturer and distributor of industrial wood specialty packaging products. Integra Packaging had annual sales of $7.6 million in 2015.

The intangible assets for each acquisition were finalized and allocated to their respective identifiable intangible asset and goodwill accounts during 2016, excluding idX and Ubeeco. Initial estimates have been made for idX's identifiable intangible and goodwill allocations and deferred tax, however finalization will be completed in 2017.

At December 31, 2016, the amounts assigned to major intangible classes for the business combinations mentioned above are as follows (in thousands):

	Non-Compete Agreements	Customer Relationships	Goodwill	Goodwill - Tax Deductible
Ubeeco	$ —	$ —	$ 7,313	$ —
idX	—	10,000	7,016	—
7D	405	—	—	405
IWI	—	3,640	3,177	—
Rapid Wood	—	—	789	789
Integra Packaging	85	467	854	—

The business combinations mentioned above were not significant to our operating results individually or in aggregate, and thus pro forma results for 2016 and 2015 are not presented. The initial estimated allocation from goodwill to an identifiable intangible of $10 million for idX as of December 31, 2016, has been presented above.

D. NET LOSS (GAIN) ON DISPOSITION OF ASSETS AND IMPAIRMENT CHARGES

The net gain on disposition and impairment of assets totaled $3.4 million in 2014. Included within the $3.4 million net gain was a gain on the sale of certain real estate totaling $2.7 million completed by a 50% owned subsidiary of the Company. During 2014, we also recognized a net gain on the sale of other properties and equipment totaling $1.9 million. These gains were offset by a $1.2 million impairment loss recorded to reduce the value of one of our vacant properties.

E. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets of acquired businesses. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests at least annually in accordance with ASC 350, Intangibles-Goodwill and Other. We review the carrying amounts of goodwill and other non-amortizable intangibles by reporting unit to determine if such assets may be impaired. As the carrying amount of these assets are recoverable based upon a discounted cash flow and market approach analysis, no impairment was recognized.

The changes in the net carrying amount of goodwill by reporting segment for the years ended December 31, 2016 and December 26, 2015, are as follows (in thousands):

	North	South	West	idX	All Other	Total
Balance as of December 27, 2014	44,983	43,625	85,092	—	9,362	183,062
2015 Acquisitions	—	—	789	—	618	1,407
2014 Final Purchase Accounting	—	—	(1,328)	—	—	(1,328)
Foreign Exchange, Net	(1,730)	—	—	—	(421)	(2,151)
Balance as of December 26, 2015	43,253	43,625	84,553	—	9,559	180,990
2016 Acquisitions	—	—	3,177	7,016	7,313	17,506
Foreign Exchange, Net	133	—	—	—	(94)	39
Balance as of December 31, 2016	$ 43,386	43,625	$ 87,730	$ 7,016	$ 16,778	$ 198,535

Indefinite-lived intangible assets totaled $2.3 million as of December 31, 2016 and December 26, 2015 related to the Consumer Products reporting unit which is included in the All Other reportable segment.

The following amounts were included in other amortizable intangible assets, net as of December 31, 2016 and December 26, 2015 (in thousands):

	2016		2015	
	Assets	Accumulated Amortization	Assets	Accumulated Amortization
Non-compete agreements	$ 5,411	$ (1,954)	$ 5,496	$ (1,725)
Customer relationships	25,503	(4,351)	19,194	(10,140)
Licensing agreements	4,589	(2,991)	4,589	(2,524)
Patents	704	(180)	3,563	(3,096)
Total	$ 36,207	$ (9,476)	$ 32,842	$ (17,485)

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

Intangible Asset Type	Estimated Useful Life	Weighted Average Amortization Period
Non-compete agreements	5 to 15 years	9.6 years
Customer relationship	5 to 15 years	13.1 years
Licensing agreements	10 years	10 years

Amortization expense of intangibles totaled $2.8 million, $3.5 million and $2.4 million in 2016, 2015 and 2014, respectively. The estimated amortization expense for intangibles for each of the five succeeding fiscal years is as follows (in thousands):

2017	$ 3,070
2018	2,762
2019	2,469
2020	2,058
2021	1,803
Thereafter	14,569
Total	$ 26,731

F. **DEBT**

On December 17, 2012, we entered into an unsecured Note Purchase Agreement (the "Agreement") under which we issued our 3.89% Series 2012 A Senior Notes, due December 17, 2022, in the aggregate principal amount of $35 million and our 3.98% Series 2012 B Senior Notes, due December 17, 2024, in the aggregate principal amount of $40 million. Proceeds from the sale of the Series A Senior Notes and Series B Senior Notes were used to repay amounts due on our existing Series 2002-A Senior Notes, Tranche B totaling $40 million and our revolving credit facility.

On November 3, 2014, the Company entered into a five-year, $295 million unsecured revolving credit facility with a syndicate of U.S. banks led by JPMorgan Chase Bank, N.A., as administrative agent and Wells Fargo Bank, N.A., as syndication agent. The facilities include up to $45 million which may be advanced in the form of letters of credit, and up to $100 million (U.S. dollar equivalent) which may be advanced in Canadian dollars, Australian dollars, pounds Sterling, Euros and such other foreign currencies as may subsequently be agreed upon among the parties. This facility replaced our $265 million unsecured revolving credit facility. Cash borrowings are charged interest based upon an index selected by the Company, plus a margin that is determined based upon the index selected and upon the financial performance of the Company and certain of its subsidiaries. The Company is charged a facility fee on the entire amount of the lending commitment, at a per annum rate ranging from 15 to 32.5 basis points, also determined based upon the Company's performance. The facility fee is payable quarterly in arrears.

Outstanding letters of credit extended on our behalf on December 31, 2016 and December 26, 2015 aggregated $25.5 million and $25.4 million; respectively, which includes approximately $9.8 million related to industrial development revenue bonds. As a result, we have approximately $261 million in remaining availability on our revolver. Additionally, we have $150 million in availability under a "shelf agreement" for long term debt with a current lender. Letters of credit have one year terms and include an automatic renewal clause. The letters of credit related to industrial development revenue bonds are charged an annual interest rate of 110 basis points, based upon our financial performance. The letters of credit related to workers' compensation are charged an annual interest rate of 75 basis points.

Long-term debt obligations are summarized as follows on December 31, 2016 and December 26, 2015 (amounts in thousands):

	2016	2015
Series 2012 Senior Notes Tranche A, due on December 17, 2022, interest payable semi-annually at 3.89%	$ 35,000	$ 35,000
Series 2012 Senior Notes Tranche B, due on December 17, 2024, interest payable semi-annually at 3.98%	40,000	40,000
Revolving credit facility totaling $295 million due on November 3, 2019, interest payable monthly at a floating rate (1.67% on December 31,2016)	23,860	—
Series 1999 Industrial Development Revenue Bonds, due on August 1, 2029, interest payable monthly at a floating rate (0.52% on December 31, 2016 and 0.17% on December 26, 2015)	3,300	3,300
Series 2000 Industrial Development Revenue Bonds, due on October 1, 2020, interest payable monthly at a floating rate (0.59% on December 31, 2016 and 0.26% on December 26, 2015)	2,700	2,700
Series 2002 Industrial Development Revenue Bonds, due on December 1, 2022, interest payable monthly at a floating rate (0.57% on December 31, 2016 and 0.25% on December 26, 2015)	3,700	3,700
Capital leases and foreign affiliate debt	3,336	1,195
	111,896	85,895
Less current portion	2,634	1,145
Less debt issuance costs	203	—
Long-term portion	$ 109,059	$ 84,750

Financial covenants on the unsecured revolving credit facility and unsecured notes include 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 among other industry standard covenants. We were within all of our lending requirements on December 31, 2016 and December 26, 2015.

On December 31, 2016, the principal maturities of long-term debt and capital lease obligations are as follows (in thousands):

2017	$	2,634
2018		393
2019		24,009
2020		2,832
2021		28
Thereafter		82,000
Total	$	111,896

On December 31, 2016, the estimated fair value of our long-term debt, including the current portion, was $111.6 million, which was $0.3 million less 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. We consider the valuations of our long-term debt, including the current portion, to be Level 2 liabilities which rely on quoted prices in markets that are not active or observable inputs over the full term of the liability.

G. LEASES

We lease certain real estate under operating 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 aircraft under operating lease agreements for periods of one to ten years. Future minimum payments under non-cancelable operating leases on December 31, 2016 are as follows (in thousands):

	Operating Leases	
2017	$	17,664
2018		14,216
2019		8,798
2020		6,034
2021		4,180
Thereafter		4,974
Total minimum lease payments	$	55,866

Rent expense was approximately $10.5 million, $6.3 million, and $5.2 million in 2016, 2015, and 2014, respectively.

H. 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 these 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 totaled $2.4 million and $2.3 million on December 31, 2016 and December 26, 2015, respectively, and are included "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 and salaries. The Plan provides investment options similar to our 401(k) plan, including our stock. The investment in our stock is funded by the issuance of shares to a Rabbi trust, and may only be distributed in kind. Assets held by the Plan totaled approximately $0.9 million and $0.8 million on December 31, 2016 and December 26, 2015 respectively, and are included in "Other Assets." Related liabilities totaled $17.4 million and $13.3 million on December 31, 2016 and December 26, 2015, respectively, and are included in "Other Liabilities" and "Shareholders' Equity." Assets associated with 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.

I. COMMON STOCK

In April 2002, our shareholders approved the 2002 Employee Stock Purchase Plan ("Stock Purchase Plan") to succeed the Employee Stock Purchase Plan originally approved in 1994. In April 2008, our shareholders authorized additional shares to be allocated to the Stock Purchase Plan and extended the term of the Stock Purchase Plan to 2018. The plan allows eligible employees to purchase shares of our stock at a share price equal to 85% of fair market value on the purchase date. We have expensed the fair value of the compensation associated with these awards, which approximates the discount. The amount of expense is nominal.

In April 1994, our shareholders approved the Directors' Retainer Stock Plan ("Stock Retainer Plan"). In April 2007, our shareholders authorized additional shares to be issued pursuant to this plan. 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. The number of shares is increased by the amount of dividends paid on the Company's common stock. We recognized expense for this plan of $0.7 million in 2016, $0.6 million in 2015, and $0.6 million in 2014. Effective January 1, 2017, this plan was amended to allow directors to defer payment of the annual retainer paid in the form of our common stock.

On April 15, 2010, our shareholders approved an amended and restated Long Term Stock Incentive Plan (the "LTSIP"). The LTSIP reserves 1,000,000 shares, plus a balance of unused shares from prior plans of approximately 1.6 million shares, plus an annual increase of no more than 200,000 shares per year which may be added on the dates of our annual shareholder meetings. The LTSIP provides for the grant of stock options, stock appreciation rights, restricted stock, performance shares and other stock-based awards.

A summary of the transactions under the stock option plans is as follows:

	Stock Under Option	Weighted-Average Exercise Price Per Share	Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 28, 2013	32,474	31.65	1.55	661,674
Exercised	(8,737)	30.64		163,830
Forfeited or expired	—	—		
Outstanding at December 27, 2014	23,737	32.03	1.00	493,304
Exercised	(23,737)	30.64		559,510
Forfeited or expired	—	—		—
Outstanding at December 26, 2015	—	—	0.00	—
Exercised	—	—		—
Forfeited or expired	—	—		—
Outstanding at December 31, 2016	—	—	0.00	—
Vested or expected to vest at December 31, 2016	—	—		
Exercisable at December 31, 2016	—	$ —	0.00	$ —

There is no unrecognized compensation expense remaining for stock options in 2016, 2015, and 2014.

A summary of the nonvested restricted stock awards granted under the LTSIP is as follows:

	Restricted Awards	Weighted-Average Grant Date Fair Value	Unrecognized Compensation Expense (in millions)	Weighted-Average Period to Recognize Expense
Nonvested at December 28, 2013	206,420	32.52	2.9	2.00 years
Granted	62,555	55.30		
Vested	(9,446)	55.30		
Forfeited	(2,443)	36.13		
Nonvested at December 27, 2014	257,086	36.39	1.7	1.81 years
Granted	76,321	54.01		
Vested	(121,642)	38.61		
Forfeited	(3,849)	48.85		
Nonvested at December 26, 2015	207,916	40.97	5.2	2.53 years
Granted	116,964	71.88		
Vested	(60,155)	46.98		
Forfeited	(881)	64.36		
Nonvested at December 31, 2016	263,844	$ 57.95	$ 4.8	1.51 years

Under the Stock Purchase Plan and LTSIP, we recognized share-based compensation expense of $2.2 million, $1.8 million, and $1.9 million and the related total income tax benefits of $1.1 million, $0.9 million, and $0.9 million in 2016, 2015 and 2014, respectively.

In 2016, 2015 and 2014, cash received from option exercises and share issuances under our plans was $0.5 million, $1.1 million and $0.5 million, respectively. The actual tax benefit realized in 2016, 2015 and 2014 for the tax deductions from option exercises totaled $0.0 million, $0.4 million and $0.3 million, respectively.

On November 14, 2001, the Board of Directors approved a share repurchase program (which succeeded a previous program) allowing us to repurchase up to 2.5 million shares of our common stock. On October 14, 2010, our Board authorized an additional 2 million shares to be repurchased under our share repurchase program. We repurchased 0 and 13,613 shares under this program in 2016 and 2015, respectively. As of December 31, 2016, the cumulative total authorized shares available for repurchase is approximately 2.9 million shares.

J. 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 wholly-owned subsidiaries. Amounts contributed to the plan are made at the discretion of the Board of Directors. We matched 25% of employee contributions in 2016, 2015, and 2014, on a discretionary basis, totaling $4.4 million, $2.4 million, and $2.0 million respectively. The basis for matching contributions may not exceed the lesser of 6% of the employee's annual compensation or the IRS limitation.

On July 14, 2011, the compensation committee of the board of directors approved a retirement plan for officers whereby we will pay, upon retirement, benefits totaling 150% of the officer’s highest base salary in the three years immediately preceding separation from service plus health care benefits for a specified period of time if certain eligibility requirements are met. Approximately $6.5 million and $5.8 million are accrued in “Other Liabilities” for this plan at December 31, 2016 and December 26, 2015, respectively.

K. INCOME TAXES

Income tax provisions for the years ended December 31, 2016, December 26, 2015, and December 27, 2014 are summarized as follows (in thousands):

	2016	2015	2014
Currently Payable:			
Federal	$ 42,397	$ 34,672	$ 18,664
State and local	6,341	6,643	4,852
Foreign	6,143	5,599	5,619
	54,881	46,914	29,135
Net Deferred:			
Federal	(455)	(1,104)	4,128
State and local	438	96	1,079
Foreign	310	(36)	(193)
	293	(1,044)	5,014
	$ 55,174	$ 45,870	$ 34,149

The components of earnings before income taxes consist of the following:

	2016	2015	2014
U.S.	$ 140,106	$ 115,231	$ 79,365
Foreign	20,565	15,771	16,348
Total	$ 160,671	$ 131,002	$ 95,713

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

	2016	2015	2014
Statutory federal income tax rate	35.0 %	35.0 %	35.0 %
State and local taxes (net of federal benefits)	3.1	3.6	4.1
Effect of noncontrolling owned interest in earnings of partnerships	(0.2)	(0.3)	(0.2)
Manufacturing deduction	(2.4)	(2.4)	(2.0)
Tax credits, including foreign tax credit	(1.4)	(1.6)	(1.9)
Change in uncertain tax positions reserve	0.4	0.3	(0.2)
Other permanent differences	0.1	0.7	0.6
Other, net	(0.3)	(0.3)	0.3
Effective income tax rate	34.3 %	35.0 %	35.7 %

Temporary differences which give rise to deferred income tax assets and (liabilities) on December 31, 2016 and December 26, 2015 are as follows (in thousands):

	2016	2015
Employee benefits	$ 13,375	$ 10,996
Net operating loss carryforwards	13,605	1,256
Foreign subsidiary capital loss carryforward	509	478
Other tax credits	1,196	3,518
Inventory	2	1,264
Reserves on receivables	1,208	1,213
Accrued expenses	8,931	5,311
Other, net	2,323	4,728
Gross deferred income tax assets	41,149	28,764
Valuation allowance	(5,371)	(1,454)
Deferred income tax assets	35,778	27,310
Depreciation	(29,971)	(25,795)
Intangibles	(25,078)	(20,765)
Other, net	—	(3,276)
Deferred income tax liabilities	(55,049)	(49,836)
Net deferred income tax liability	$ (19,271)	$ (22,526)

As of December 31, 2016, the company had state and foreign net operating loss carryforwards of $1.5 million and state tax credit carryforwards of $0.6 million, which will expire at various dates. As a result of the acquisition of idX, the company also acquired estimated federal, state and foreign net operating loss carryforwards of $12.1 million and federal foreign tax credit carryforwards of $0.4 million.

Because of the federal, state and certain foreign change of ownership law provisions, some of the various acquired NOLs and the federal foreign tax credits maybe limited. An evaluation under these law provisions will be performed during the business combination measurement period for idX, and therefore the ultimate resolution of their future availability is yet undetermined.

The NOL and credit carryforwards expire as follows:

	Net Operating Losses			Tax Credits	
	U.S.	State	Foreign	U.S.	State
2016 - 2020	$ —	$ 396	$ 2,300	$ 253	$ 118
2021 - 2025	—	469	117	180	440
2026 - 2030	—	689	—	—	—
2031 - 2035	7,726	1,204	202	—	—
Thereafter	16	220	268	—	—
Total	$ 7,742	$ 2,978	$ 2,887	$ 433	$ 558

As of December 31, 2016, we believe that it is more likely than not that the benefit from certain state and foreign NOL carryforwards as well as certain state tax credit carryforwards will not be realized. In recognition of this risk, we have provided a valuation allowance against various NOL and tax credit carryforwards. Furthermore, there is a valuation allowance of $0.5 million against a capital loss carryforward we have for a wholly-owned subsidiary, UFP Canada, Inc. Based upon the business activity and the nature of the assets of this subsidiary, our ability to realize a future benefit from this carryforward is doubtful. The capital loss has an unlimited carryforward and therefore will not expire unless there is a change in control of the subsidiary.

L. ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

ASC 740, *Income Taxes* ("ASC 740") clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740 also provides guidance on derecognition, measurement, classification, interest and penalties, and disclosure requirements.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	2016	2015	2014
Gross unrecognized tax benefits beginning of year	$ 2,209	$ 1,793	$ 1,923
Increase in tax positions for prior years	243	—	—
Increase in tax positions due to acquisitions	362	—	—
Increase in tax positions for current year	905	754	556
Settlements with taxing authorities	(32)	—	—
Lapse in statute of limitations	(306)	(338)	(686)
Gross unrecognized tax benefits end of year	$ 3,381	$ 2,209	$ 1,793

Our effective tax rate would have been affected by the unrecognized tax benefits had this amount been recognized as a reduction to income tax expense.

We recognized interest and penalties for unrecognized tax benefits in our provision for income taxes. The liability for unrecognized tax benefits included accrued interest and penalties of $0.6 million at December 31, 2016, and $0.2 million at December 26, 2015 and December 27, 2014.

We file income tax returns in the United States and in various state, local and foreign jurisdictions. The federal and a majority of state and foreign jurisdictions are no longer subject to income tax examinations for years before 2013. A number of routine state and local examinations are currently ongoing. Due to the potential for resolution of state examinations, and the expiration of various statutes of limitation, and new positions that may be taken, it is reasonably possible that the amounts of unrecognized tax benefits could change in the next twelve months is $0.7 million.

M. COMMITMENTS, CONTINGENCIES, AND GUARANTEES

We are self-insured for environmental impairment liability, including certain liabilities which are insured through a wholly owned subsidiary, Ardellis 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. Environmental reserves, calculated with no discount rate, have been established to cover remediation activities at wood preservation facilities in Stockertown, PA; Elizabeth City, NC; Auburndale, FL; and Medley, FL. In addition, a reserve was established for our facility in Thornton, CA to remove certain lead containing materials which existed on the property at the time of purchase.

On a consolidated basis, we have reserved approximately $3.6 million and $3.5 million on December 31, 2016 and December 26, 2015, respectively, representing the estimated costs to complete future remediation efforts. These amounts have not been reduced by an insurance receivable.

Many of our wood treating operations utilize "Subpart W" drip pads, defined as hazardous waste management units by the Environmental Protection Agency. The rules regulating drip pads require that a pad be "closed" at the point that it is no longer intended to be used for wood treating operations or to manage hazardous waste. Closure involves identification and disposal of contaminants which are required to be removed from the facility. The cost of closure is dependent upon a number of factors including, but not limited to, identification and removal of contaminants, cleanup standards that vary from state to state, and the time period over which the cleanup would be completed. Based on our present knowledge of existing circumstances, it is considered probable that these costs will approximate $0.3 million. As a result, this amount is recorded in other long-term liabilities on December 31, 2016.

In February 2014, one of our operations was served with a federal grand jury subpoena from the Southern District of New York. The subpoena was issued in connection with an investigation being conducted by the US Attorney's Office for the

Southern District of New York. The subpoena requested documents relating to a developer and construction projects for which our operation had provided materials and labor. Following receipt of the subpoena, the Audit Committee of the Company's Board of Directors retained outside counsel to conduct an internal investigation and respond to the subpoena. The Company cooperated in all respects with the US Attorney's Office, complied with this subpoena and voluntarily provided additional information. As a result of the internal investigation, in April 2014, two Company employees were terminated for violating the Company's Code of Conduct and Business Ethics. In May 2015, those ex-employees were indicted by the grand jury. In April 2016, one of the two former employees pled guilty to four of the charges included in the indictment. In May 2016, the other former employee was found guilty by a jury on four of the charges included in the indictment. The Company has not been named as a target and continues to cooperate with the US Attorney's Office in this matter; however, because of the duration and unique nature of this proceeding, any potential, adverse financial implications to the Company are uncertain.

In addition, on December 31, 2016, we were parties either as plaintiff or 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 31, 2016, we had outstanding purchase commitments on commenced capital projects of approximately $10.1 million.

We provide a variety of warranties for products we manufacture. Historically, warranty claims have not been material. We distribute products manufactured by other companies, some of which are no longer in business. While we do not warrant these products, we have received claims as a distributor of these products when the manufacturer no longer exists or has the ability to pay. Historically, these costs have not had a material affect on our consolidated financial statements.

As part of our operations, we supply building materials and labor to site-built construction projects or we jointly bid on contracts with framing companies for such projects. In some instances we are required to post payment and performance bonds to insure the project 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. As of December 31, 2016, we had approximately $6.1 million in outstanding payment and performance bonds for open projects. We had approximately $0.3 million in payment and performance bonds outstanding for completed projects which are still under warranty.

On December 31, 2016 we had outstanding letters of credit totaling $25.5 million, primarily related to certain insurance contracts and industrial development revenue bonds described further 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 $15.7 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 industrial development revenue bonds that have been issued. These letters of credit guarantee principal and interest payments to the bondholders. We currently have irrevocable letters of credit outstanding totaling approximately $9.8 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 2012 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.

We did not enter into any new guarantee arrangements during 2016 which would require us to recognize a liability on our balance sheet.

N. <u>SEGMENT REPORTING</u>

ASC 280, Segment Reporting ("ASC 280"), 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.

The Company operates manufacturing, treating and distribution facilities throughout North America, but primarily in the United States. The Company manages the operations of its individual locations primarily through a geographic reporting structure under which each location is included in a region and regions are included in our North, South, and West divisions. The exceptions to this geographic reporting and management structure are (a) the Company's Alternative Materials Division, which offers a portfolio of non-wood products and distributes those products nation-wide, (b) the Company's distribution unit (referred to as UFPD) which distributes a variety of products to the manufactured housing industry and is accounted for as a reporting unit within the North segment, and (c) idX division, which designs, produces, and installs customized in-store environments.

With respect to the facilities in the north, south, and west segments, these facilities generally supply the three markets the Company serves nationally - Retail, Industrial, and Construction. Also, substantially all of our facilities support customers in the immediate geographical region surrounding the facility. Additionally, our recently acquired idX division has been presented, which generally serves the Industrial market.

Our Alternative Materials and International divisions have been included in the “All Other” column of the table below. The “Corporate” column includes unallocated administrative costs and certain incentive compensation expense.

	2016						
	North	South	West	idX	All Other	Corporate	Total
Net sales to outside customers	$ 1,000,426	$ 711,862	$ 1,251,093	$ 87,001	$ 190,111	$ —	$ 3,240,493
Intersegment net sales	57,770	38,641	88,311	15	19,307	—	204,044
Interest expense	1	307	387	50	93	3,737	4,575
Amortization expense	115	—	1,858	190	632	—	2,795
Depreciation expense	8,948	6,190	13,326	1,598	2,933	7,828	40,823
Segment earnings from operations	59,408	47,146	76,875	627	16,012	(35,630)	164,438
Segment assets	220,148	145,451	303,607	185,813	131,854	305,185	1,292,058
Capital expenditures	10,902	5,571	19,648	—	6,037	11,604	53,762

	2015					
	North	South	West	All Other	Corporate	Total
Net sales to outside customers	$ 922,092	$ 656,550	$ 1,133,398	$ 175,031	$ —	$ 2,887,071
Intersegment net sales	51,796	29,940	58,412	13,673	—	153,821
Interest expense	—	296	516	52	4,269	5,133
Amortization expense	267	9	2,467	788	—	3,531
Depreciation expense	7,901	6,255	13,033	3,707	6,814	37,710
Segment earnings from operations	53,879	30,740	70,220	3,038	(22,410)	135,467
Segment assets	291,614	185,818	369,077	98,004	163,166	1,107,679
Capital expenditures	9,622	6,138	13,356	6,698	7,708	43,522

	2014					
	North	South	West	All Other	Corporate	Total
Net sales to outside customers	$ 840,277	$ 611,700	$ 1,062,565	$ 145,787	$ —	$ 2,660,329
Intersegment net sales	37,624	20,224	47,737	12,783	—	118,368
Interest expense	—	323	39	—	3,905	4,267
Amortization expense	331	10	1,358	711	—	2,410
Depreciation expense	7,060	5,700	11,029	4,082	6,042	33,913
Segment earnings from operations	32,988	24,474	53,575	3,155	(16,825)	97,367
Segment assets	303,213	201,245	351,557	85,661	82,124	1,023,800
Capital expenditures	10,887	8,875	11,984	3,879	9,680	45,305

In 2016, 2015, and 2014, 20%, 19%, and 17% of net sales, respectively, were to a single customer.

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

	2016		2015		2014	
	Net Sales	Long-Lived Tangible Assets	Net Sales	Long-Lived Tangible Assets	Net Sales	Long-Lived Tangible Assets
United States	$ 3,162,331	$ 280,362	$ 2,811,359	$ 244,040	$ 2,596,278	$ 242,156
Foreign	78,162	26,106	75,712	15,408	64,051	15,678
Total	$ 3,240,493	$ 306,468	$ 2,887,071	$ 259,448	$ 2,660,329	$ 257,834

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
2016	62.6%	37.4%
2015	59.8%	40.2%
2014	58.5%	41.5%

Value-added product sales consist of fencing, decking, lattice, and other specialty products sold to the retail building materials market, specialty wood packaging, engineered wood components, and wood-alternative products. Engineered wood components include roof trusses, wall panels, and floor systems. 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. Commodity-based product sales consist primarily of remanufactured lumber and preservative treated lumber.

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

	Years Ended		
	December 31, 2016	December 26, 2015	December 27, 2014
Value-Added Sales			
Trusses – residential, modular and manufactured housing	$ 334,956	$ 299,111	$ 273,605
Fencing	176,668	149,526	143,252
Decking and railing – composite, wood and other	200,004	177,787	141,121
Turn-key framing and installed sales	141,474	129,803	121,434
Industrial packaging and components	391,610	374,030	298,335
Engineered wood products (eg. LVL; i-joist)	76,503	67,804	61,970
In-store fixtures	87,262	—	—
Manufactured brite and other lumber	68,517	59,804	73,261
Wall panels	53,279	46,496	43,751
Outdoor DIY products (eg. stakes; landscape ties)	106,284	56,846	51,710
Construction and building materials (eg. door packages; drywall)	204,732	200,901	191,426
Lattice – plastic and wood	50,556	47,392	40,943
Manufactured brite and other panels	60,753	57,999	69,622
Siding, trim and moulding	66,048	45,215	32,323
Hardware	20,713	17,123	17,265
Manufactured treated lumber	17,412	13,611	12,071
Manufactured treated panels	3,449	5,353	6,042
Other	390	281	248
Total Value-Added Sales	$ 2,060,610	$ 1,749,082	$ 1,578,379
Commodity-Based Sales			
Non-manufactured brite and other lumber	469,042	458,023	454,695
Non-manufactured treated lumber	479,333	423,543	389,487
Non-manufactured brite and other panels	238,806	253,678	232,821
Non-manufactured treated panels	30,374	31,789	33,146
Other	12,084	10,978	9,402
Total Commodity-Based Sales	$ 1,229,639	$ 1,178,011	$ 1,119,551
Total Gross Sales	$ 3,290,249	$ 2,927,093	$ 2,697,930
Sales allowances	(49,756)	(40,022)	(37,601)
Total Net Sales	$ 3,240,493	$ 2,887,071	$ 2,660,329

O. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth selected financial information for all of the quarters, consisting of 14 and 13 weeks during the years ended December 31, 2016 and December 26, 2015, respectively, (in thousands, except per share data):

	First		Second		Third		Fourth	
	2016	2015	2016	2015	2016	2015	2016	2015
Net sales	$ 682,151	$ 633,025	$ 872,093	$ 838,171	$ 826,665	$ 762,275	$ 859,584	$ 653,600
Gross profit	102,739	79,582	131,487	112,443	118,054	110,706	122,310	97,173
Net earnings	20,255	10,804	34,237	26,884	28,764	26,883	22,241	20,561
Net earnings attributable to controlling interest	19,212	10,162	33,398	25,976	27,819	25,556	20,750	18,901
Basic earnings per share	0.95	0.51	1.64	1.29	1.36	1.26	1.02	0.93
Diluted earnings per share	0.95	0.51	1.64	1.28	1.36	1.26	1.02	0.93

P. SUBSEQUENT EVENTS

Subsequent to December 31, 2016, the Company has signed definitive agreements to acquire the operating assets of two businesses. The purchase price for these acquisitions is currently estimated to total approximately $53 million. These acquisitions will be financed from expected operating cash flows and the use of the revolving credit facility.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock trades on The Nasdaq Stock Market ("NASDAQ") under the symbol UFPI. The following table sets forth the range of high and low sales prices as reported by NASDAQ.

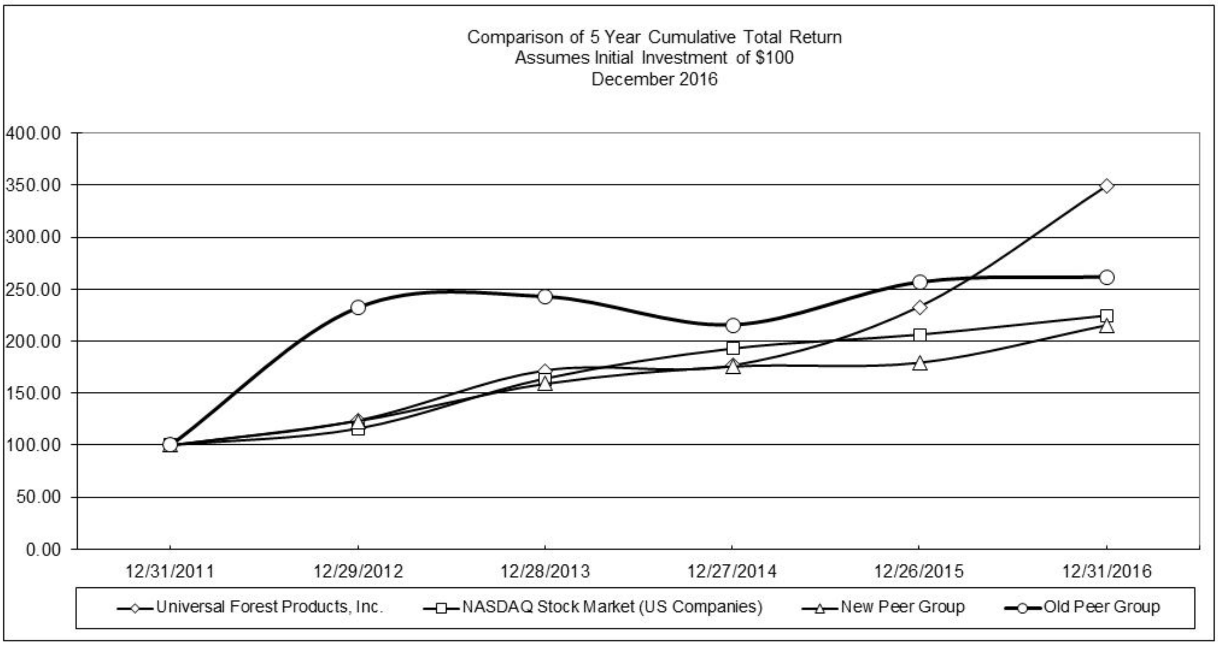
Fiscal 2016	High	Low	Fiscal 2015	High	Low
Fourth Quarter	107.09	83.41	Fourth Quarter	77.91	57.68
Third Quarter	109.99	84.77	Third Quarter	64.53	50.82
Second Quarter	91.49	76.65	Second Quarter	58.05	52.98
First Quarter	83.58	61.04	First Quarter	54.48	49.34

There were approximately 1,300 shareholders of record as of February 6, 2017.

We paid dividends on our common stock of $0.42 and $0.45 per share in June and December 2016, respectively. In June and December 2015, we paid dividends of $0.40 and $0.42 per share, respectively. We intend to continue with our current semi-annual dividend policy for the foreseeable future.

STOCK PERFORMANCE GRAPH

The following graph depicts the cumulative total return on our common stock compared to the cumulative total return on the indices for The Nasdaq Stock Market (all U.S. companies) and an industry peer group we selected. The graph assumes an investment of $100 on December 31, 2011, and reinvestment of dividends in all cases.



The companies included in our self-determined industry peer group are as follows:

American Woodmark Corporation
Bemis Company, Inc.
BlueLinx Holdings, Inc.
BMC Stock Holdings, Inc.
Boise Cascade, LLC
Builders FirstSource, Inc.
Gibraltar Industries, Inc.
Greif Bros. Corporation
Louisiana-Pacific Corporation
Masco Corporation
NCI Building Systems, Inc.
Simpson Manufacturing Company,Inc.
Sonoco Products Company
Trex Company, Inc.
Westrock Company

The returns of each company included in the self-determined peer group are weighted according to each respective company's stock market capitalization at the beginning of each period presented in the graph above. In determining the members of our peer group, we considered companies who selected UFPI as a member of their peer group, and looked for similarly sized companies or companies that are a good fit with the markets we serve.

Directors and Executive Officers

BOARD OF DIRECTORS	EXECUTIVE OFFICERS
William G. Currie Chairman of the Board Universal Forest Products, Inc.	Matthew J. Missad Chief Executive Officer
Matthew J. Missad Chief Executive Officer Universal Forest Products, Inc.	Patrick M. Webster President and Chief Operating Officer
John M. Engler	Michael R. Cole Chief Financial Officer and Treasurer
Gary F. Goode, CPA Chairman Titan Sales & Consulting, LLC	Allen T. Peters President UFP Western Division, Inc.
Thomas W. Rhodes President and Chief Executive Officer TWR Enterprises, Inc.	Patrick Benton President UFP Northern Division
Bruce A. Merino	Jonathan West President UFP Southern Division
Mary E. Tuuk Chief Compliance Officer Meijer, Inc.	Robert D. Coleman Executive Vice President Manufacturing
Brian C. Walker Chief Executive Officer Herman Miller, Inc.	C. Scott Greene Executive Vice President Marketing
Michael G. Wooldridge Partner Varnum, LLP	Donald L. James Executive Vice President National Sales
	Michael F. Mordell Executive Vice President International Operations
	Chad C. Uhlig Eastin Executive Vice President Purchasing

Shareholder Information

ANNUAL MEETING

The annual meeting of Universal Forest Products, Inc. will be held at 8:30 a.m. on April 18, 2017, at 2880 East Beltline Lane NE, Grand Rapids, MI 49525.

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, Inc.
2801 East Beltline NE
Grand Rapids, MI 49525
Telephone: (616) 364-6161
Web: www.ufpi.com

SECURITIES COUNSEL

Varnum, LLP
Grand Rapids, MI

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP
Grand Rapids, MI

TRANSFER AGENT/SHAREHOLDER 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.
6201 15th Ave
Brooklyn, NY 11219
Telephone: (800) 937-5449

UNIVERSAL FOREST PRODUCTS®, INC., CORPORATE HEADQUARTERS

2801 East Beltline NE
Grand Rapids, MI 49525
Telephone: (616) 364-6161
Facsimile: (616) 364-5558

UNIVERSAL FOREST PRODUCTS®, INC., AND ITS AFFILIATES

Locations:

Ashburn, GA
Athena, OR
Auburn, NY
Auburndale, FL
Aurora, CO
Bangalore, India
Belchertown, MA
Berlin, NJ
Blanchester, OH
Bomaderry, NSW, Australia
Bridgeton, MO
Burlington, NC
Caldwell, ID
Cedar Hill, TX
Chaffee, NY
Chandler, AZ
Chesapeake, VA
Chicago, IL
Chino, CA
Church Hill, TN
Columbia, MD
Concord, Ontario, Canada
Conway, SC
Cordele, GA
Dallas, TX
Dayton, OH
Durango, Mexico
Eagan, MN
Earth City, MO
Eatonton, GA
Elizabeth City, NC
Elkhart, IN
Elkwood, VA
Embalaje, Mexico
Erskine Park, NSW, Australia
Folkston, GA
Franklinton, NC
Gilmer, TX
Gordon, PA
Grand Rapids, MI
Grandview, TX
Granger, IN
Greene, ME
Haleyville, AL
Hamilton, OH
Harrisonville, MO
Hillsboro, TX
Hudson, NY
Hutchinson, MN
Janesville, WI
Jefferson, GA
Jeffersonville, IN
Kansas City, MO
Kearneysville, WV
Kyle, TX
Lacolle, Quebec, Canada
Lafayette, CO
Liberty, NC
Locust, NC
Magna, UT
McMinnville, OR
Medley, FL
Merciditas, Puerto Rico
Mexico City, Mexico
Minneota, MN
Morristown, TN
Moultrie, GA
Muscle Shoals, AL
Nampa, ID
Naugatuck, CT
New Delhi, India
New Hartford, NY
New London, NC
New Waverly, TX
New Windsor, MD
New York, NY
Ontario, CA
Ooltewah, TN
Parker, PA
Pearisburg, VA
Peru, IL
Plainville, MA
Poulsbo, WA
Prairie du Chien, WI
Puyallup, WA
Ranson, WV
Riverside, CA
Saginaw, MI
Saginaw, TX
Salina, KS
Salisbury, NC
San Antonio, TX
Sauk Rapids, MN
Schertz, TX
Selma, AL
Shanghai, China
Shawnee, OK
Shibuya-ku, Tokyo, Japan
Sidney, NY
Snohomish, WA
Spring Lake, MI
Stanfield, NC
Stockertown, PA
Swindon, Wiltshire, United Kingdom
Tacoma, WA
Thornton, CA
Turlock, CA
Union City, GA
Warrens, WI
Washington, NC
Wenatchee, WA
White Bear Lake, MN
White Pigeon, MI
Windsor, CO
Woodburn, OR
Wujiang City, China
Yakima, WA
Yeerongpilly, QLD, Australia

EXHIBIT 21

LIST OF REGISTRANT'S SUBSIDIARIES AND AFFILIATES

234 Springs Rd., LLC	Delaware	UFP Gear, LLC	Michigan
2875 Springs Rd., LLC	Delaware	UFP Global Holdings Limited	United Kingdom
621 Hall St., LLC	Delaware	UFP Gordon, LLC	Michigan
Aljoma Holding Company, LLC	Michigan	UFP Grandview, LLC	Michigan
Aljoma Lumber, Inc.	Florida	UFP Granger, LLC	Michigan
Ardellis Insurance Ltd.	Bermuda	UFP Great Lakes, LLC	Michigan
CA Truss, Inc.	Michigan	UFP Gulf, LLC	Michigan
Caliper Building Systems, LLC	Michigan	UFP Haleyville, LLC	Michigan
Discount Building Products, LLC	Michigan	UFP Hamilton, LLC	Michigan
Eovations, LLC	Michigan	UFP Harrisonville, LLC	Michigan
Gulf Coast Components, LLC	Michigan	UFP Hillsboro, LLC	Michigan
Horizon terra, Incorporated	Indiana	UFP International, LLC	Michigan
Idaho Western, Inc.	Idaho	UFP International Employment Services, LLC	Michigan
idX Asia Fixtures Limited	Hong Kong	UFP Janesville, LLC	Michigan
idX Asia Trading Limited	Hong Kong	UFP Kyle, LLC	Michigan
idX Baltimore, Inc.	Delaware	UFP Lafayette, LLC	Michigan
idX Chicago, LLC	Delaware	UFP Lansing, LLC	Michigan
idX (China) Display System Co. Ltd.	China	UFP Magna, LLC	Michigan
idX Corporation London Limited	Delaware	UFP McMinnville, LLC	Michigan
idX Corporate	Delaware	UFP Mexico Embalaje y Distribution, S. de R.L. de C. V.	Mexico
idX Dallas, LLC	Delaware	UFP Mexico Investment, LLC	Michigan
idX Dayton, LLC	Delaware	UFP Mid-Atlantic, LLC	Michigan
idX Holdings, Inc.	Delaware	UFP Millry, LLC	Michigan
idX Impressions, LLC	Delaware	UFP Minneota, LLC	Michigan
idX (India) Display Privte Ltd.	India	UFP Morristown, LLC	Michigan
idX Los Angeles, LLC	Delaware	UFP Moultrie, LLC	Michigan
idX Mexico	Mexico	UFP Mountain West, LLC	Michigan
idX Shanghai Trading Company Ltd.	China	UFP National Enterprises II, Inc.	Michigan
Integra International Pty Ltd	Australia	UFP New London, LLC	Michigan
International Wood Industries, Inc.	California	UFP New Waverly, LLC	Michigan
Landura, LLC	Texas	UFP New Windsor, LLC	Michigan
Maine Ornamental, LLC	Michigan	UFP New York, LLC	Michigan
Metaworld Technologies, LLC	Michigan	UFP North Atlantic, LLC	Michigan
Mid-Atlantic Framing, LLC	Michigan	UFP Northeast, LLC	Michigan
North Atlantic Framing, LLC	Michigan	UFP Orlando, LLC	Michigan
Pacific Coast Showcase, Inc.	Washington	UFP Parker, LLC	Michigan
Pinelli Universal TKT, S de R.L. de C.V.	Mexico	UFP Purchasing, Inc.	Michigan
Pinelli Universal, S de R.L. de C.V.	Mexico	UFP Ranson, LLC	Michigan

PR Distribution, LLC	Puerto Rico	UFP RE Acquisition, LLC	Michigan
Shawnlee Construction, L.L.C.	Michigan	UFP Riverside, LLC	Michigan
Shepardville Construction, LLC	Michigan	UFP Rockwell, LLC	Michigan
Store Fixtures Canada Holdings, Inc.	Delaware	UFP Saginaw, LLC	Michigan
The UBEECO Group Pty Ltd	Australia	UFP Salisbury, LLC	Michigan
TKT Real State, S. de R.L. de C.V.	Mexico	UFP San Antonio, LLC	Michigan
Tresstar, LLC	Michigan	UFP Sauk Rapids, LLC	Michigan
Triangle Systems, Inc.	New York	UFP Schertz, LLC	Michigan
U.F.P. Mexico Holdings, S. de R.L.	Mexico	UFP Shawnee, LLC	Michigan
UFP Albuquerque, LLC	Michigan	UFP Southeast, LLC	Michigan
UFP Altoona, LLC	Michigan	UFP Southwest, LLC	Michigan

UFP Ashburn, LLC	Michigan	UFP Stockertown, LLC	Michigan
UFP Atlantic, LLC	Michigan	UFP Tampa, LLC	Michigan
UFP Atlantic Division, LLC	Michigan	UFP Thomaston, LLC	Michigan
UFP Auburndale, LLC	Michigan	UFP Thorndale Partnership	Canada
UFP Australia Ptd Ltd	Australia	UFP Thornton, LLC	Michigan
UFP Australia Real Estate Pty Ltd	Australia	UFP Transportation, Inc.	Michigan
UFP Belchertown, LLC	Michigan	UFP Union City, LLC	Michigan
UFP Berlin, LLC	Michigan	UFP Ventures II, Inc.	Michigan
UFP Blanchester, LLC	Michigan	UFP Warranty Corporation	Michigan
UFP Caldwell, LLC	Michigan	UFP Warrens, LLC	Michigan
UFP Canada, Inc.	Canada	UFP Washington, LLC	Michigan
UFP Central Plains, LLC	Michigan	UFP Western Division, Inc.	Michigan
UFP Chandler, LLC	Michigan	UFP White Bear Lake, LLC	Michigan
UFP Dallas, LLC	Michigan	UFP Windsor, LLC	Michigan
UFP de Mexico S.A. de C.V.	Mexico	UFP Woodburn, LLC	Michigan
UFP Distribution, LLC	Michigan	United Lumber & Reman, LLC	Alabama
UFP Eagan, LLC	Michigan	Universal Consumer Products, Inc.	Michigan
UFP East Central, LLC	Michigan	Universal Forest Products RMS, LLC	Michigan
UFP Eastern Division, Inc.	Michigan	Universal Forest Products Texas LLC	Michigan
UFP Eaton LLC	Michigan	Universal Showcase ULC	Alberta
UFP Eatonton, LLC	Michigan	Upshur Forest Products, LLC	Michigan
UFP Elizabeth City, LLC	Michigan	Western Building Professionals of California II Limited Partnership	Michigan
UFP Elkwood, LLC	Michigan	Western Building Professionals of California, Inc.	Michigan
UFP Far West, LLC	Michigan	Western Building Professionals, LLC	Michigan
UFP Folkston, LLC	Michigan		
UFP Franklinton, LLC	Michigan		
UFP Gainesville, LLC	Michigan		

Exhibit 23 - Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement No. 333-75278 on Form S-3 and Registration Statements on Form S-8 for various employee option and incentive stock plans (Registration Statement Nos. 33-81128, 33-81116, 33-81450, 333-60630, 333-88056, 333-150345, and 333-156596) of our reports dated March 1, 2017, relating to the consolidated financial statements of Universal Forest Products, Inc. and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2016.

/s/ Deloitte & Touche LLP

Grand Rapids, Michigan
March 1, 2017

EXHIBIT 31(a)

Universal Forest Products, Inc.

Certification

I, Matthew J. Missad, 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 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 1, 2017

/s/ Matthew J. Missad

Matthew J. Missad
Chief Executive Officer and
Principal 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 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 1, 2017

/s/ Michael R. Cole
Michael R. Cole
Chief Financial Officer,
Principal Financial Officer and
Principal Accounting 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, Matthew J. Missad, 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 31, 2016, 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 31, 2016 fairly presents, in all material respects, the financial condition and results of operations of Universal Forest Products, Inc.

UNIVERSAL FOREST PRODUCTS, INC.

Date:	March 1, 2017	By:	/s/ Matthew J. Missad
			Matthew J. Missad
		Its:	Chief Executive Officer and
			Principal Executive Officer

The signed original of this written statement required by Section 906, or any other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Universal Forest Products, Inc. and will be retained by Universal Forest Products, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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 31, 2016, 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 31, 2016 fairly presents, in all material respects, the financial condition and results of operations of Universal Forest Products, Inc.

UNIVERSAL FOREST PRODUCTS, INC.

Date: March 1, 2017

By: /s/ Michael R. Cole
Michael R. Cole
Its: Chief Financial Officer,
Principal Financial Officer and
Principal Accounting Officer

The signed original of this written statement required by Section 906, or any other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Universal Forest Products, Inc. and will be retained by Universal Forest Products, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.