

Universal Forest Products is a leading manufacturer, distributor, and marketer of wood and wood-alternative products to four key markets: It supplies value-added wood and wood alternative products to the Do-It-Yourself (D-I-Y)/retail market; structural lumber products to the manufactured housing market; engineered wood components and framing services to the site-built construction market; and specialty wood and wood-alternative packaging and packaging components to the industrial and agricultural market. The company serves more than 15,600 customers, including a significant relationship with The Home Depot, and has 104 manufacturing facilities in 93 communities in the United States, Canada, and Mexico.

Market Drivers

Universal participates in markets offering strong growth potential and complementary characteristics. A number of factors drive Universal's growth:

- The diversity of its markets gives Universal a cushion against economic uncertainty and change through a balance of counter-cyclical, non-cyclical, and cyclical markets.
- Consolidation among customers in all of Universal's markets has created a need for suppliers with national manufacturing and distribution capabilities to fulfill the requirements of the remaining dominant customers. As the largest supplier to its markets, Universal has a strong competitive advantage.
- A growing need for value-added products and engineered components in all markets is driving profitability for Universal due to higher profit margins generated by these products.
- A growing demand for wood-alternative products, which are especially attractive for their maintenance-free properties, also is a growth driver for Universal. The company manufactures and distributes high-quality wood-alternative products and launched Universal Consumer Products, Inc. in 2005 to expand its capacity and product offerings in this growing market.

Do-It-Yourself/Retail

Universal manufactures and distributes pressure-treated lumber and value-added wood products to the D-I-Y/retail market. Universal is able to offer retailers a complete wood product retail program that is continually expanding to additional store locations.

Products Dimensional lumber, fencing, decking, deck accessories, lattice, decorative post caps and balusters, kits for picnic tables, mailboxes, and other outdoor products. In addition, Universal offers wood-alternative products such as Tech Trim™, eon®, Latitudes® decking and railing for homeowners interested in low-maintenance wood-alternative products for their home improvement projects.

D-I-Y Industry Trends/Notes

- Aging housing stock
- Positive demographic shifts
- Continued strong spending on home remodeling

Site-Built Construction

Universal's engineered wood components provide benefits to builders, including consistency, shortened building time, and higher quality at a lower cost than traditional methods of on-site construction.

Products Roof trusses, wall panels, floor systems, and framing services.

Site-Built Industry Trends/Notes

- In a market noted for critical labor shortages, engineered components reduce need for skilled labor on the job site
- Engineered wood components continue to replace on-site assembly
- Favorable long-term housing outlook
- Turn-key

Manufactured Housing

Universal is the leading supplier of engineered trusses and structured lumber components for manufactured homes and serves more than 230 manufacturing facilities and the country's leading producers.

Products Engineered trusses and structural framing lumber.

MH Industry Trends/Notes

- Move toward modular housing
- When the HUD-code manufacturers were facing a severe downturn, Universal focused on R&D. As the industry recovered, Universal and its revolutionary new products have played a significant role in the growing popularity of modular housing.

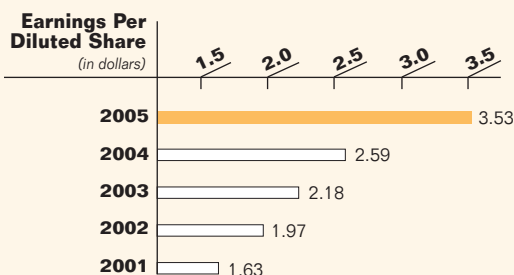
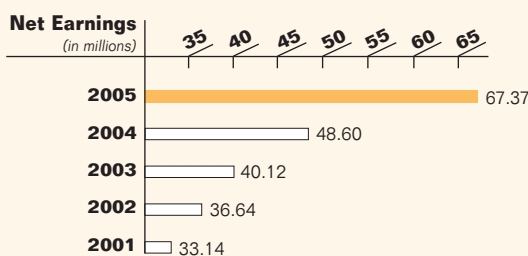
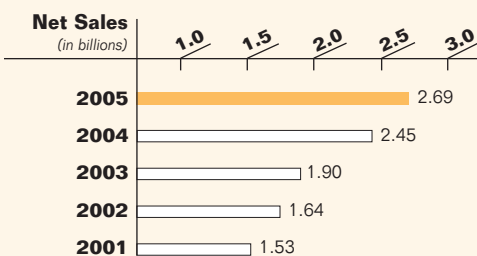
Industrial

Universal has rapidly penetrated the market for industrial packaging and components by leveraging its expertise with materials, engineering, product development, purchasing, and distribution, as well as its national presence, to provide customers with innovative and efficient solutions.

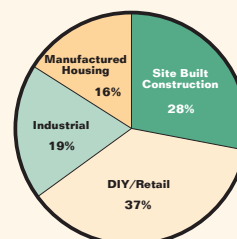
Products Crating and specialty wood packaging, and wood-alternative packaging and components for any industry or manufacturer.

Industrial Market Trends/Notes

- Minimal infrastructure is required to develop product
- Supplier group is extremely fragmented and customers are receptive to a supplier with national reach



2005 Net Sales



Financial Data December 31, 2005

Ticker Symbol
UFPI
52-week range
\$37.03 - \$61.69
P/E
15.65
Market Cap
\$1.0 billion
Shares Outstanding
18 million
Book Value
\$23.47

Universal Value Drivers

The leader in markets served Universal is the dominant supplier of value-added wood and wood-alternative products to the D-I-Y retail, manufactured housing, site-built construction, and industrial markets.

Unique business model and product mix

As a result of the strength and diversity of its end markets and product offering, Universal is able to purchase all grades of lumber from its mill suppliers. This allows the company to lower its overall material cost relative to other suppliers. In addition, the company is able to enhance material utilization at its plants by using lumber that would otherwise be waste to produce crating, pallets, and other products for industrial customers.

National platform As its markets consolidate, Universal can serve the growing national players wherever they're located. In addition to its national presence in each of its four core markets, Universal has earned a reputation for the highest quality products.

Leveraging the benefits of scale With more than 50 years of experience in building relationships with customers and suppliers, Universal has engineered its national leadership position and is now the largest supplier to its markets. The company capitalizes on the benefits of its scale, which include:

- the ability to be the low-cost producer
- the ability to mitigate the impact of lumber price fluctuations as the largest customer of some of the world's largest mills; and
- the ability to leverage its status as the only national supplier to national customers in consolidating industries.

The company achieved its scale through a combination of internal and external growth and will continue to pursue its strategic acquisition strategy. Acquisition criteria include minimum growth and return targets; strategic geographic location, products and services that strengthen market penetration; and strong management.

Strong historical performance Over the past five years, Universal has achieved an impressive CAGR in unit sales and earnings per diluted share of 10% and 15%, respectively. The company has a solid balance sheet with the strength to continue to grow through both internal and external means.

Experienced management team

Universal's senior management team averages more than 20 years with the company.

National Recognition

- *IndustryWeek* Magazine lists Universal as one of the "Top 50 U.S. Manufacturers" based on revenue growth and profit margin for the third consecutive year.
- For the seventh time in eight years, Universal is named to *Forbes'* "Platinum 400," an annual listing of the best performing U.S. companies with more than \$1 billion in annual revenue.
- Universal continues to move up the "Fortune 1000." The company gained 83 places to land at #651 in 2005.
- In 2005, Universal was selected as a "Cool Place to Work" in a competition created by The Michigan Department of Labor and Economics, the American Society of Employers, and two leading Michigan business publications.

Family of Products/Services

- Pressure-treated lumber
- Cut-to-size dimensional lumber
- Latitudes® composite decking and railing
- TechTrim™ exterior trimboard
- Roof trusses
- Floor systems
- Wall panels
- Open Joist 2000®
- Structural framing
- Crating/specialty wood packaging
- Advance Guard®
- eon® plastic decking, railing & fencing
- Deckorators™ balusters
- Decorative post caps
- Fencing
- Lattice
- Wall panels
- Easy Riser®
- Keystone decking
- Framing services

Company Highlights

- 1955** A wholesale lumber office is incorporated under the name Universal Forest Products, Inc.
- 1971** With four employees, sales to the manufactured housing industry reach \$12 million.
- 1972** A first profit sharing and retirement program is offered to employees.
- 1979** Enters the wood treating business and Do-It-Yourself (D-I-Y)/retail market. Today, Universal is the nation's largest producer of pressure-treated lumber.
- 1980** Becomes the first truss manufacturer to employ a full-time engineering staff.
- 1993** Has an initial public offering of stock and begins trading on NASDAQ under the symbol UFPI.
- 1997** Enters the site-built construction market.
- 1998** Enters the industrial packaging market.
- 2005** Launches Universal Consumer Products, Inc. Sales reach \$2.69 billion.

Customer-Focused Commitment

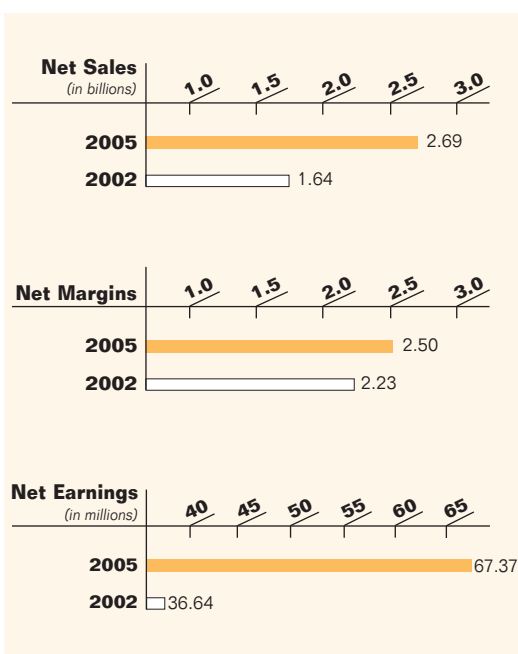
Universal is dedicated to continually enhancing its value by developing and manufacturing innovative, superior performing products to meet the specific needs of its customers.

Facilities

United States-102
Mexico-2
Canada-2
Employees-9,500 and growing

Senior Management Team

William G. Currie, *Vice Chairman and CEO*
Michael B. Glenn, *President and COO*
Michael Cole, *Chief Financial Officer*
Matt Missad, *Secretary and Executive Vice President*
Robert Coleman, *Executive Vice President, Manufacturing*
C. Scott Greene, *President, Eastern Division*
Robert Hill, *President, Western Division*



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