

CAVCO INDUSTRIES INC

Form DEF 14A

June 02, 2008

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**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, for Use of the Commission Only.
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material pursuant to Rule 14a-11(c) or Rule 14a-12.

**CAVCO INDUSTRIES, INC.**

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
    - (1) Title of each class of securities to which transaction applies:
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    - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:
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  - Fee paid previously with preliminary materials.
  - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
    - (1) Amount Previously Paid:
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    - (3) Filing Party:
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-

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Phoenix, Arizona 85004  
602-256-6263

June 9, 2008

Dear Stockholders:

It is our pleasure to invite you to attend the Cavco Industries, Inc. ( Cavco ) 2008 Annual Meeting of Stockholders. The meeting will be held on Wednesday, July 9, 2008, at 9:00 a.m. (M.S.T.) at Cavco s offices, 1001 N. Central Avenue, Suite 800, in Phoenix, Arizona. The attached Notice of Annual Meeting and Proxy Statement provide information concerning the business to be conducted at the meeting and the nominees for election as directors.

Your vote is important. Whether or not you plan to attend the meeting, please vote your shares using the Internet, by telephone, or by completing, signing, dating, and returning the accompanying proxy in the enclosed envelope. Your shares will then be represented at the meeting if you are unable to attend. You may, of course, revoke your proxy and vote in person at the meeting if you desire.

Thank you for your support.

Sincerely,

Joseph H. Stegmayer

Chairman of the Board of Directors

President and Chief Executive Officer

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**Notice of Annual Meeting of Stockholders  
of Cavco Industries, Inc.**

**Time:** 9:00 a.m. (M.S.T.), Wednesday, July 9, 2008

**Place:** Cavco Industries, Inc. s ( Cavco ) Offices  
1001 N. Central Avenue, Suite 800  
Phoenix, Arizona 85004

**Items of Business:**

1. To elect two directors comprising a class of directors to serve until the annual meeting of stockholders in 2011, or until their successors have been elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as Cavco s independent registered public accounting firm for fiscal year 2009; and
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

**Annual Reports:** The 2008 Annual Report to Stockholders, which includes the Annual Report on Form 10-K, is enclosed.

**Who Can Vote:** You can vote if you were a stockholder of record at the close of business on May 16, 2008.

**Date of Mailing:** This Notice and Proxy Statement are first being mailed to stockholders on or about June 9, 2008.

By Order of the Board of Directors

JAMES P. GLEW  
Secretary

**To ensure representation of your shares at the annual meeting, you must vote and submit the proxy by telephone, over the Internet or by mail in the manner described in the accompanying proxy. All stockholders are encouraged to review the accompanying proxy statement.**

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**CAVCO INDUSTRIES, INC.  
PROXY STATEMENT  
Annual Meeting of Stockholders  
to be Held July 9, 2008  
INTRODUCTION**

The accompanying proxy, mailed together with this proxy statement, is solicited by and on behalf of the board of directors of Cavco Industries, Inc., a Delaware corporation ( Cavco ), for use at the annual meeting of stockholders of Cavco to be held on July 9, 2008, at 9:00 a.m. (M.S.T.), and at any adjournment thereof. The mailing address of Cavco s executive offices is 1001 N. Central Avenue, Suite 800, Phoenix, Arizona 85004. This proxy statement and accompanying proxy are being mailed to stockholders on or about June 9, 2008.

**Purposes of the Annual Meeting**

At the annual meeting, action will be taken on the following matters:

- (1) Election of two directors comprising a class of directors to serve until the annual meeting of stockholders in 2011, or until their successors have been elected and qualified;
- (2) Ratification of the appointment of Ernst & Young LLP as Cavco s independent registered public accounting firm for fiscal year 2009; and
- (3) Such other business as may properly come before the meeting.

Our board of directors does not know of any matters that may be acted upon at the annual meeting other than the matters set forth in the following pages.

**Recommendation of the Board of Directors**

**Our board recommends a vote FOR the election of the nominees for director named in the accompanying proxy and a vote FOR the ratification of the appointment of Ernst & Young LLP as Cavco s independent registered public accounting firm for fiscal year 2009.**

**ABOUT THE MEETING**

**Who Can Vote**

Record holders of common stock, par value \$.01 per share, of Cavco at the close of business on May 16, 2008 may vote at the annual meeting. On that date, the issued and outstanding capital stock of Cavco entitled to vote at the annual meeting consisted of 6,468,000 shares of common stock. Each holder of common stock will be entitled to one vote per share on the election of directors and each other matter that is described above or that may be properly brought before the meeting. There are no cumulative voting rights.

**How You Can Vote**

Stockholders can vote their shares of common stock at the annual meeting by voting and submitting the accompanying proxy by telephone, over the Internet, or by completing, signing, dating and returning the proxy in the enclosed envelope.



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**How Proxies Will be Voted**

Shares represented by valid proxies received by telephone, over the Internet or by mail will be voted at the annual meeting in accordance with the directions given. If no specific choice is indicated, the shares represented by all valid proxies received will be voted FOR the election of the nominees for director named in the proxy and FOR the ratification of the appointment of Ernst & Young LLP as Cavco's independent registered public accounting firm for fiscal year 2009.

Our board does not intend to present, and has no information that others will present, any business at the annual meeting other than as is set forth in the attached notice of the meeting. However, if other matters requiring the vote of stockholders come before the annual meeting, the persons named in the accompanying proxy intend to vote the proxies held by them in accordance with their best judgment in such matters.

**How to Revoke Your Proxy**

You have the unconditional right to revoke your proxy at any time prior to the voting thereof by submitting a later-dated proxy, by attending the annual meeting and voting in person or by written notice to Cavco addressed to James P. Glew, Secretary, Cavco Industries, Inc., 1001 N. Central Avenue, Suite 800, Phoenix, Arizona 85004. No such revocation will be effective, however, unless received by us at or prior to the annual meeting. Attending the meeting does not revoke your proxy.

**Quorum and Required Vote**

The presence at the annual meeting, in person or by proxy, of a majority of the shares of common stock entitled to vote at the meeting is necessary to constitute a quorum. Abstentions and, broker non-votes will be counted as present for the purpose of establishing a quorum.

The nominee for director receiving a plurality of the votes cast at the meeting in person or by proxy will be elected. The ratification of the appointment of Ernst & Young LLP as Cavco's independent registered public accounting firm will be approved if the proposal receives the affirmative vote of a majority of the shares entitled to vote on, and voted for or against, the proposal. Abstentions and broker non-votes will have no effect on the election of directors or the ratification of the appointment of Ernst & Young LLP.

**Expenses of Soliciting Proxies**

We will bear the cost of soliciting proxies for the annual meeting. Solicitation may be made by mail, personal interview, telephone or other electronic means by our officers and other employees, who will receive no additional compensation therefor.

**Table of Contents****STOCK OWNERSHIP****Management**

The following table sets forth information, as of May 23, 2008, with respect to the beneficial ownership of shares of Cavco common stock by each director, director nominee and executive officer named in the Summary Compensation Table under Executive Compensation, individually itemized, and by all directors, director nominees and executive officers of Cavco as a group. Except as otherwise indicated, all shares are owned directly, and the owner has sole voting and investment power with respect thereto.

**COMMON STOCK OWNERSHIP INFORMATION IS DATED MAY 23, 2008**

Name of Beneficial Owner	Cavco Common stock (1)	
	Number of Shares Beneficially Owned	Percent of Class
William C. Boor	0	*
Steven G. Bunger	30,625	*
Jacqueline Dout	30,625	*
Jack Hanna	6,875	*
Joseph H. Stegmayer	622,862	9.63%
Michael H. Thomas	20,429	*
Daniel L. Urness	1,342	*
All directors, director nominees and executive officers of Cavco as a group (7 persons)	712,758	11.02%

\* Less than 1%.

(1) Shares covered by stock options that are outstanding under the Cavco Industries, Inc. Stock Incentive Plan and exercisable on May 23, 2008 or within 60 days are included as beneficially owned pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). Amounts include the following shares

that may be  
acquired upon  
exercise of such  
stock options:  
Mr. Bunger  
30,625 shares;  
Ms. Dout  
15,625 shares;  
Mr. Hanna  
6,875 shares;  
Mr. Stegmayer  
511,080 shares;  
Mr. Thomas  
4,844 shares;  
Mr. Urness  
1,000 shares;  
and all directors,  
director  
nominees and  
executive  
officers of  
Cavco as a  
group 570,049  
shares.

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The following table sets forth information with respect to the persons, other than Mr. Stegmayer, that have reported beneficial ownership of more than five percent of the outstanding shares of Cavco common stock according to statements on Schedule 13D or 13G as filed by such persons with the Securities and Exchange Commission on or before May 23, 2008. Information regarding Mr. Stegmayer's beneficial ownership of Cavco common stock is set forth under Management above.

**PRINCIPAL STOCKHOLDER INFORMATION IS DATED MAY 23, 2008**

<b>Name and Address Of Beneficial Owner</b>	<b>Amount Beneficially Owned</b>	<b>Percent of Class</b>
Columbia Wanger Asset Management LP 227 West Monroe Street Suite 3000 Chicago, IL 60606-5016	914,000 (1)	14.22
Third Avenue Management, LLC 622 Third Avenue New York, NY 10017	686,815 (2)	10.64
Neuberger Berman LLC 605 Third Avenue 2nd floor New York, NY 10158-3698	675,761 (3)	10.51
T. Rowe Price Associates, Inc. (MD) 100 East Pratt Street Baltimore, MD 21202-1009	660,140 (4)	10.20
GAMCO Investors, Inc. 1 Corporate Center Rye, NY 10580-1422	651,148 (5)	10.13
State Street Bank & Trust Co. 1200 Crown Colony Drive Quincy, MA 02169	544,327 (6)	8.44
Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, CA 90401	453,477 (7)	7.06
Barclay's Global Investors NA 45 Fremont Street San Francisco, CA 94105	427,153 (8)	6.65
Royce & Associates LLC 1414 Ave of The Americas New York, NY 10019	417,482 (9)	6.50



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- (1) Information regarding Columbia Wanger Asset Management, L.P. ( Columbia Wanger ) is based solely upon a Schedule 13G filed with the SEC on January 24, 2008. Columbia Wanger reported having sole voting power over 844,000 shares, shared voting power over 70,000 shares and sole dispositive power over 914,000 shares of common stock.
  
- (2) Information regarding Third Avenue Management LLC ( Third Avenue ) is based solely upon a Schedule 13G filed with the SEC on March 10, 2008. Third Avenue reported that it possessed sole voting power and dispositive power with respect to all of

the shares.

- (3) Information regarding Neuberger Berman LLC ( Neuberger Berman ) is based solely upon a Schedule 13G filed with the SEC on February 13, 2008. Neuberger Berman reported having sole voting power over 550,289 shares and shared dispositive power over 675,761 shares of common stock.
- (4) Information regarding T. Rowe Price Associates, Inc. ( Price Associates ) is based solely upon a Schedule 13G filed with the SEC on February 8, 2008. Price Associates has informed Cavco that these securities are owned by various individual and institutional investors including T.

Rowe Price Small-Cap Value Fund, Inc. (which owns 525,000 shares, representing 8.10% of the shares outstanding), for which Price Associates serves as investment adviser with power to direct investments and/or sole power to vote the securities. Price Associates reported having sole voting and sole dispositive power with respect to 133,200 shares. For purposes of the reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act ), Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

(5) Information regarding



GAMCO Investor s, Inc. ( GAMCO ) is based solely upon a Schedule 13D filed with the SEC on January 28, 2008 by Mario J. Gabelli, and other entities that are directly or indirectly controlled by Mr. Gabelli or for which he acts as chief investment officer. GAMCO reported having sole voting power over 638,148 shares and sole dispositive power over 651,148 shares of common stock. Included in the Schedule 13D are Gabelli Funds, LLC, GAMCO Asset Management, Inc., and Gabelli Advisers, Inc.

- (6) Information regarding State Street Bank & Trust Co. ( State Street ) is based solely upon a Schedule 13G filed with the SEC on February 12, 2008. State

Street reported that it possessed sole voting power and shared dispositive power with respect to all of the shares.

- (7) Information regarding Dimensional Fund Advisors LP ( Dimensional ) is based solely upon a Schedule 13 filed with the SEC on February 6, 2008. Dimensional reported that it possessed sole voting power and dispositive power with respect to all of the shares.

- (8) Information regarding Barclay s Global Investors, NA ( Barclays ) is based solely upon a Schedule 13G filed with the SEC on February 5, 2008. Barclays reporting that it possessed sole voting and dispositive power with respect to all of the shares.

(9) Information regarding Royce & Associates LLC ( Royce ) is based solely upon a Schedule 13G filed with the SEC on January 28, 2008. Royce reported that it possessed sole voting and dispositive power with respect to all of the shares.

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**ELECTION OF DIRECTORS AND RELATED MATTERS**

Cavco's Restated Certificate of Incorporation and Amended and Restated Bylaws provide for the division of the board of directors into three classes, with the directors in each class to hold office for staggered terms of three years each. Each class of directors is to consist, as nearly as possible, of one-third of the total number of directors constituting the entire board. There are presently two directors in the class whose term expires at the 2008 annual meeting, two directors in the class whose terms expire at the 2009 annual meeting, and one director in the class whose term expires at the 2010 annual meeting. Each director holds office until his or her successor has been elected and qualified or until the director's earlier resignation or removal.

Joseph H. Stegmayer, a member of the board whose term expires at the annual meeting, will stand for re-election at the meeting. William C. Boor will stand for election at the meeting to fill the position formerly held by Michael H. Thomas, who notified the Company that he would not stand for re-election because of health reasons and not as a result of any disagreement. Mr. Stegmayer and Mr. Boor have been nominated for service as directors by our independent directors and the full board pursuant to the procedures described under Director Nominating Process below. Unless contrary instructions are indicated on the proxy, it is intended that the shares represented by the accompanying proxy will be voted for the election of these two nominees or, if the nominees become unavailable (which we do not anticipate), for such substitute nominees as the board shall designate. A plurality of votes cast at the annual meeting, in person or by proxy, is required to elect a board nominee. The nominees and the continuing directors furnished to Cavco the biographical information appearing below.

**Recommendation of the Board of Directors**

**The board recommends that the stockholders vote FOR the election of Messrs. Stegmayer and Boor.**

Our board of directors has determined that all the members of the board, other than Joseph H. Stegmayer, who is an employee of Cavco, are independent in accordance with (1) the applicable requirements of the Exchange Act, and the rules adopted by the SEC thereunder and (2) the applicable NASDAQ Marketplace Rules (the NASDAQ Rules), including Rule 4200(a)(15).

**Nominees for Director Standing for Election**

**Joseph H. Stegmayer**, 57, serves as our Chairman of the Board, President and Chief Executive Officer. He has served as President and Chief Executive Officer and as a member of the board of directors of Cavco and its predecessor since March 2001. Mr. Stegmayer also served as President of Centex Corporation's manufactured housing holding company, Centex Manufactured Housing Group, LLC, from September 2000 until Cavco's spin-off from Centex Corporation in June 2003. Prior to joining Cavco, Mr. Stegmayer served from January 1998 to September 2000 as President Retail Operations and Chief Financial Officer of Champion Enterprises, Inc., a publicly traded company that builds and sells manufactured homes. From 1993 until January 1998, he served as President, Vice Chairman and Chairman of the Executive Committee of Clayton Homes, Inc., a company that builds, sells, finances and insures manufactured homes and operates planned housing communities.

**William C. Boor**, 42 is Senior Vice President-Business Development of Cleveland-Cliffs, Inc. Mr. Boor joined Cleveland-Cliffs in May 2007 after having served as Executive Vice President, Strategy and Development, at American Gypsum Company, a subsidiary of Eagle Materials Inc from 2005 to 2007. From 2002 to 2005, Mr. Boor served as Senior Vice President Corporate Development and Investor Relations of Eagle Materials, Inc. From 2001 to 2002 he served as Vice President - Corporate Development of Centex Corporation. He also has held key leadership roles at Weyerhaeuser Co. and Procter & Gamble Co. In his current capacity, Mr. Boor has responsibilities for identifying and leading initiatives to support the growth of Cleveland-Cliffs. He has diverse experience in manufacturing management, process engineering, financial management, investor relations and marketing.

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**Continuing Directors**

*Term Expiring in 2009*

**Steven G. Bunger**, 47, is a member of our Audit Committee and has been a member of our board since April 2004. Since 2001, he has served as Chairman of the Board of Mobile Mini, Inc., the nation's largest publicly owned provider of portable storage containers and mobile offices. He is also the President and Chief Executive Officer of Mobile Mini, having served in those capacities since 1997. Mr. Bunger joined Mobile Mini in 1983. Since that time, he has held numerous positions with Mobile Mini, including Vice President of Operations and Marketing and Executive Vice President and Chief Operating Officer.

**Jack Hanna**, 61, is chairman of our Compensation Committee and has been a member of our board since 2003. Since 1993, Mr. Hanna has hosted *Jack Hanna's Animal Adventures*, a nationally syndicated educational and conservation-oriented television program. Since 1992, Mr. Hanna has served as Director Emeritus of the Columbus Zoo and Aquarium in Columbus, Ohio. Mr. Hanna is a board member of the Dian Fossey Gorilla Fund.

*Term Expiring in 2010*

**Jacqueline Dout**, 53, is chairperson of our Audit Committee, a member of our Compensation Committee and has been a member of our board since 2003. Since April 2002, Ms. Dout has served as Senior Vice President, Chief Financial Officer and Secretary for Pella Corporation in Pella, Iowa, a retail brand company that produces building products. She is responsible for corporate development, financial functions, general counsel, shareholder relations, information technology, supply management, and logistics. Prior to joining Pella, Ms. Dout was President of JJB Enterprises, Inc. of Detroit, Michigan, and previously served as Executive Vice President and Chief Financial Officer of Champion Enterprises, Inc., a publicly traded manufactured home builder and retailer. She is a member of the Iowa College Foundation, the board of School Specialty, Inc., and the board of the Pella Community Foundation.

**Director Compensation**

Only non-employee directors are compensated for service as a director. Upon commencement of service, non-employee directors receive a one time grant of an option to purchase 10,000 shares of Cavco common stock. Annually, non-employee directors receive compensation in the form of a \$15,000 retainer fee, a grant of an option to purchase 2,500 shares of Cavco common stock, and an additional \$1,000 for each board meeting attended. Members of board committees also receive a fee of \$1,000 for each committee meeting attended and the chairperson of the Audit Committee receives an additional \$4,000 per year for such service.

All options awarded to non-employee directors have a seven-year term, a per share exercise price equal to the fair market value of a share of common stock of Cavco on the date of grant, and become exercisable at the rate of 25% on the date of grant and an additional 25% on each of the first three anniversaries of the date of grant. All rights to exercise the options terminate within four (4) months of the date that the non-employee director ceases to be a director of Cavco for any reason other than death or disability. However, if the non-employee director held the position for at least ten (10) years, the options will vest on the date that the non-employee director ceases to be a director and all rights to exercise the options will terminate three (3) years thereafter.

All board members are reimbursed for reasonable expenses of attending board and committee meetings.

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The following table provides information regarding compensation provided to the non-employee directors of Cavco during fiscal 2008.

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards</b>	<b>Option Awards (\$)</b>	<b>All Other Compensation</b>	<b>Total</b>
	<b>(\$)</b> (1)	<b>(\$)</b>	<b>(2)</b>	<b>(\$)</b>	<b>(\$)</b>
<b>Steven G. Bunger</b>	25,000		49,809		74,809
<b>Jacqueline Dout</b>	31,000		42,966		73,966
<b>Jack Hanna</b>	22,000		42,966		64,966
<b>Michael H. Thomas</b>	27,000		42,966		69,966

(1) Amounts in this column include the annual retainer and meeting fees earned, regardless of when paid.

(2) Amounts in this column include the compensation cost recognized for financial statement reporting purposes under Statement of Financial Accounting Standards No. 123 (revised 2004) *Share-based Payment* ( FAS 123R ) with respect to awards of options (i.e. grant date fair value amortized

over the requisite service period, but disregarding any estimate of forfeitures related to service-based vesting conditions). The amounts described include the fiscal year compensation cost for awards made in fiscal year 2008 using the FAS 123R modified prospective transition method. We describe the assumptions made in this valuation in Note 7 to the Consolidated Financial Statements filed with the Form 10-K for the year ended March 31, 2008. These awards are further described in the discussion below. As of May 23, 2008, each director had the following number of options outstanding:  
Mr. Bunger  
35,000 shares;  
Ms. Dout  
20,000 shares;

Mr. Hanna  
11,250 shares;  
Mr. Thomas  
8,125 shares.  
Options are  
granted on the  
anniversary date  
of the Director s  
initial election  
to the Board.

### **Board and Committee Meetings**

During Cavco s fiscal year ended March 31, 2008, our board held five regularly scheduled meetings. Each of our incumbent directors attended at least 75% of the meetings of the board and board committees on which they served in fiscal year 2008.

All board members are expected to attend our annual meetings of stockholders, unless an emergency or unavoidable conflict prevents them from doing so. At our 2007 annual meeting of stockholders, all directors serving at the time were present, with the exception of Jack Hanna who was unable to attend the meeting because of an unavoidable conflict.

### **Director Nominating Process**

*Selection by Independent Directors.* The board of directors has adopted resolutions, as required by the NASDAQ Rules, providing for the nomination of directors by the independent directors of the board. Accordingly, the board of directors has not established a nominating committee. The board s director nominating process involves independent directors and the entire board and promotes flexibility and independence. Generally, director nominees are identified and screened by all independent directors. For any nominee to be placed on Cavco s ballot for voting by Cavco s stockholders at any meeting of stockholders of Cavco, such nominee must first be approved by a majority of the independent directors of Cavco (excluding such nominee), and by a majority of the entire Board of Directors (first with the nominee abstaining, and then with the nominee voting). The board may form a nominating committee in the future at such time as the board determines that a committee structure is necessary or useful in the director nominating process. Mr. Stegmayer, with input from the full board, recommended Mr. Boor to



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Cavco's independent directors for their consideration of him as a potential nominee for election as a director at Cavco's upcoming Annual Meeting of Stockholders, to be held July 9, 2008.

*Director Qualifications.* The independent directors evaluate potential director nominees according to the following criteria:

decisions for nominating candidates are based on the business and corporate governance needs of Cavco and if the need for a director exists, then candidates are evaluated on the basis of merit, qualifications, performance and competency;

the independent directors consider the composition of the entire board when evaluating individual directors, including the diversity of experience and background represented by the board; the need for financial, business, academic, public or other expertise on the board and its committees; and the desire for directors working cooperatively to represent the best interests of Cavco, its stockholders and employees, and not any particular constituency;

a majority of our board must be comprised of independent directors in accordance with applicable NASDAQ Rules;

we seek directors with the highest personal and professional character and integrity who have outstanding records of accomplishment in diverse fields of endeavor, and who have obtained leadership positions in their chosen business or profession;

candidates must be willing and able to devote the necessary time to discharge their duties as a director, and should have the desire to represent and evaluate the interests of Cavco as a whole;

candidates must be free of conflicts of interest that would interfere with their ability to discharge their duties as a director or that would violate any applicable law or regulation; and

candidates must also meet any other criteria as determined by the independent directors, which may differ from time to time.

*Nominations by Stockholders.* Our bylaws also impose some procedural requirements on stockholders who wish to: make nominations for the election of directors;

propose that a director be removed; or

propose any other business to be brought before an annual meeting of stockholders.

Under these procedural requirements, in order to bring a proposal before an annual meeting of stockholders, a stockholder must deliver timely notice of a proposal pertaining to a proper subject for presentation at the meeting to our corporate secretary along with, among other specified information, the following:

a description of the business or nomination to be brought before the meeting and the reasons for conducting such business at the meeting;

the stockholder's name and address;

the number of shares beneficially owned by the stockholder and evidence of such ownership;

the names of all persons with whom the stockholder is acting in concert and a description of all arrangements and understandings with such persons; and

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the number of shares that such persons beneficially own.

To be timely, a stockholder must deliver notice:

in connection with an annual meeting of stockholders, not less than 90 nor more than 180 days prior to the date on which the immediately preceding year's annual meeting of stockholders was held;

in connection with a special meeting of stockholders to elect directors, not less than 40 nor more than 60 days prior to the date of the special meeting; or

in connection with a special meeting of stockholders for purposes other than the election of directors, not less than 10 nor more than 60 days prior to the date of the special meeting.

In order to submit a nomination for our board of directors, a stockholder must also submit information with respect to the nominee that we would be required to include in a proxy statement, as well as other specified information. If a stockholder fails to follow the required procedures, the stockholder's nominee or proposal will be ineligible for election or other action and will not be voted on by our stockholders.

**Audit Committee**

Our Audit Committee is composed of three directors, Ms. Dout and Messrs. Bunger, and Thomas, who satisfy the independence requirements set forth in (1) Section 10A(m) of the Exchange Act and the rules adopted by the SEC thereunder and (2) applicable NASDAQ Rules. The Audit Committee functions under a charter, which was initially adopted by our board of directors on September 22, 2003, and amended on March 18, 2008. The Audit Committee Charter is posted on our website at [www.cavco.com](http://www.cavco.com).

The board of directors has determined that one or more of the members of the Audit Committee meets the definition of "Audit Committee financial expert" as such term is defined under SEC rules. Jacqueline Dout, the chairperson of the Audit Committee, is currently the Chief Financial Officer of Pella Corporation, a large, privately held company that produces building products. Prior to that position, Ms. Dout was the Executive Vice President and Chief Financial Officer of Champion Enterprises, Inc., a publicly traded company that builds and sells manufactured homes. Accordingly, Ms. Dout is the Chairman of the Audit Committee and has been determined by the board of directors to meet the qualifications of an "Audit Committee financial expert" in accordance with SEC rules and similar sophistication requirements under the NASDAQ Rules.

The Audit Committee assists the board in its general oversight of (1) the quality and integrity of Cavco's accounting, auditing and financial reporting practices and processes, (2) the financial information to be provided to Cavco stockholders, (3) the systems of internal control established by management, the Audit Committee and the board, (4) compliance with Cavco's code of ethics, (5) the independence, qualification and performance of Cavco's independent auditors and (6) Cavco's internal and external audit process.

The following are certain key responsibilities of the Audit Committee:

the selection, appointment, compensation, evaluation, retention and oversight of the work of any independent auditors engaged to issue an audit report or related work or performing other audit, review or attest services for Cavco, including all audit engagement fees, and approving all non-audit services;

establishment of procedures for (1) the receipt, retention and treatment of complaints received by Cavco regarding accounting, internal accounting controls or auditing matters and (2) the confidential, anonymous submission by Cavco employees of concerns regarding questionable accounting or auditing matters;

discuss the annual audited financial statements and quarterly financial statements of Cavco and other significant financial disclosures (including press releases, financial information and, if applicable, earnings guidance provided to analysts and rating agencies) with management and the independent auditors of Cavco;

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discuss policies with respect to risk assessment and risk management;

prepare the report required to be included in Cavco's annual proxy statement regarding review of financial statements and auditor independence (the report for fiscal year 2008 is included below); and

review and reassess at least annually the adequacy of the Audit Committee charter and recommend appropriate changes to the board.

The Audit Committee also reviews Cavco's corporate compliance program. The Audit Committee meets separately with the independent auditors, outside the presence of Cavco's management or other employees, to discuss matters of concern, to receive recommendations or suggestions for change and to exchange relevant views and information.

During the last fiscal year, the Audit Committee met four times. All of the members attended all of the meetings.

**Report of the Audit Committee**

*To the Board of Directors of Cavco Industries, Inc.:*

*We have reviewed and discussed with management Cavco Industries, Inc.'s audited financial statements as of and for the year ended March 31, 2008.*

*We have discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended by Statement on Auditing Standards No. 90, Audit Committee Communications, by the Auditing Standards Board of the American Institute of Auditors.*

*We have received and reviewed the written disclosures and the letter from the independent auditors required by Independence Standard No. 1, Independence Discussions with Audit Committees, as amended, by the Independence Standards Board, and have discussed with the auditors the auditors' independence. We have also considered whether the auditors' provision of non-audit services to Cavco Industries, Inc. and its affiliates is compatible with the auditors' independence.*

*Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the financial statements referred to above be included in Cavco Industries, Inc.'s Annual Report on Form 10-K for the year ended March 31, 2008.*

**Audit Committee of the Board of Directors**

*Jacqueline Dout, Chairperson*

*Steven G. Bunger*

*Michael H. Thomas*

**Compensation Committee**

The Compensation Committee of our Board of Directors reviews and approves, or recommends to the Board for approval, all salary and other remuneration for our executive officers and oversees matters relating to our employee compensation and benefit programs. The Compensation Committee is comprised of Jack Hanna, its Chairman, Jacqueline Dout, and Michael Thomas.

No member of the Compensation Committee is an employee of Cavco. The Compensation Committee operates pursuant to a written charter that sets forth its functions and responsibilities. The Compensation Committee Charter is posted on our website at [www.cavco.com](http://www.cavco.com).

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The Compensation Committee is charged with assisting the Board in:  
assessing whether the various compensation programs of Cavco are designed to attract, motivate, and retain the senior management necessary for Cavco to deliver consistently superior results and are performance based, market driven, and stockholder aligned;

its oversight of specific incentive compensation plans adopted by Cavco, with the approval of this Compensation Committee, including stock plans and short term and long term incentive compensation plans for members of senior management of Cavco;

its approval, review and oversight of benefit plans of Cavco, and;

its oversight of the performance and compensation of the Chief Executive Officer of Cavco and the other members of the senior management of Cavco.

The Compensation Committee met twice during the fiscal year and all members attended each meeting.

**Communicating With Our Board**

You can communicate with any member of our board of directors by sending the communication to Cavco Industries, Inc., 1001 N. Central Avenue, Suite 800, Phoenix, Arizona 85004, to the attention of the director or directors of your choice. We relay these communications addressed in this manner as appropriate. Communications addressed to the attention of The Board of Directors are forwarded to the chairperson of our Audit Committee for review and further handling.

**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

The purpose of this compensation discussion and analysis is to provide information about each material element of compensation that we pay or award to, or that is earned by, our named executive officers. For fiscal year 2008, our named executive officers were Joseph H. Stegmayer, our Chairman, Chief Executive Officer, and President; and Daniel L. Urness, our Chief Financial Officer, Vice-President, and Treasurer.

**Overview**

Our executive compensation program for our named executive officers is relatively uncomplicated, consisting of cash compensation comprised of base salary and a cash bonus, as well as awards of options to purchase shares of our common stock or grants of restricted stock. Generally, we do not offer perquisites to our named executive officers. We do not have a defined benefit pension plan or any other similar retirement plan; however our named executive officers are permitted to participate in Cavco's 401(k) plan and other health and welfare programs that are available for all other full-time employees.

**Compensation Committee**

Our Compensation Committee of our Board of Directors reviews and approves, or recommends to the Board for approval, all salary and other remuneration for our executive officers and oversees matters relating to our employee compensation and benefit programs.

**Benchmarking**

Market pay levels are one of many elements used by Cavco to maintain competitive pay opportunities for our named executive officers. We consider our compensation peer group for benchmarking the CEO and CFO

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compensation to include the following publicly traded manufactured housing companies: Cavalier Homes; Champion Enterprises, Inc.; Fleetwood Enterprises, Inc.; Palm Harbor Homes, Inc.; and Skyline Corporation.

**Role of Compensation Consultants**

The Compensation Committee has authority to retain compensation consultants in determining or recommending executive or director compensation pursuant to its written charter (including the sole authority to approve such consultant's fees and other retention terms). During the last fiscal year the Committee selected a compensation consultant; however, the Committee did not request the compensation consultant to conduct a review or issue a report.

**Role of Management in Establishing and Awarding Compensation**

The Compensation Committee or the Board, upon recommendation of the Compensation Committee, makes all compensation decisions related to our named executive officers. However, our Chief Executive Officer, with the assistance of the Human Resources Department and General Counsel, regularly provides information and recommendations to the Compensation Committee on the performance of the Chief Financial Officer, appropriate levels and components of compensation, including equity grants, as well as such other information as the Compensation Committee may request.

**Objectives of Cavco's compensation programs**

Cavco's executive compensation program is structured to achieve the following objectives:

to attract, retain and motivate highly qualified, energetic and talented executives necessary for Cavco to deliver consistently superior results;

to create an incentive to increase stockholder returns by establishing a direct and substantial link between individual compensation and certain financial measures that have a direct effect on stockholder values; and

to create substantial long-term compensation opportunities for individual executive officers based not only on long-term corporate performance but also on sustained long-term individual performance.

**Components of Executive Compensation**

In structuring the specific components of executive compensation, Cavco is guided by the following principles: compensation programs should be performance based, market driven and stockholder aligned;

annual compensation should be set within reasonable ranges of the annual compensation for similar positions with similarly-sized and similar types of companies that engage in one or more of the principal businesses in which Cavco engages;

bonus payments should vary with the individual's performance and Cavco's financial performance; and

a significant portion of compensation should be in the form of long-term, equity-linked incentive compensation that aligns the interests of executives with those of the stockholders and that creates rewards for long-term sustained company performance and the achievement of Cavco's strategic objectives.

The Compensation Committee attempts to structure its compensation programs to the named executive officers as performance-based compensation that is tax deductible. However, the Compensation Committee may award

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compensation that is or could become non-deductible when such awards are in the best interest of Cavco, balancing tax efficiency with long-term strategic objectives.

*Base Salary*

The Compensation Committee is responsible for recommending the base salary levels for the named executive officers. In developing salary amounts, the Compensation Committee reviews the salaries for similar positions in similarly-sized companies that engage in the manufactured housing business. In setting base salary levels, the Compensation Committee also considers the executive's experience level and potential for significant contributions to Cavco's profitability.

Mr. Stegmayer's employment agreement specifies an initial base salary and requires Cavco to review the base salary at such times as Cavco regularly reviews the compensation being paid to its executives generally (but no less frequently than once each year). Upon completion of such review, Cavco may in its sole discretion adjust Mr. Stegmayer's current base salary; however, Cavco may not decrease Mr. Stegmayer's then current base salary without his prior written consent. Mr. Stegmayer has declined an increase in base pay each year since April of 2004, when his salary was raised from \$225,000 per annum to the current amount of \$236,250 per annum. Mr. Urness, who does not have an employment agreement, had a base salary of \$150,000 in fiscal year 2008. Mr. Urness' base salary was set by the Compensation Committee based upon the recommendation of our Chief Executive Officer. See the Summary Compensation Table on page 16.

*Incentive Bonus*

Incentive compensation for Mr. Stegmayer is derived from his employment agreement and is based solely upon Cavco's earnings performance. Mr. Stegmayer receives a cash bonus in an amount equal to 3% of the first \$2.5 million of pretax income for the fiscal year and 6% of pretax income for the fiscal year in excess of such amount. See the Summary Compensation Table on page 16. Based on this formula, for the fiscal year ended March 31, 2008, on May 23, 2008, the Compensation Committee awarded Mr. Stegmayer a bonus in the amount of \$470,400.

Incentive Compensation for Mr. Urness is paid at the sole discretion of Cavco and is based upon the achievement of objective individual and corporate performance criteria set by the Chief Executive Officer and the Compensation Committee. On May 23, 2008, Mr. Urness was awarded a bonus in the amount of \$100,000. This bonus amount was based upon the Chief Executive Officer's and the Compensation Committee's determination that Mr. Urness successfully achieved the business objectives previously established for him by the Compensation Committee on June 1, 2007. The specific business objectives established by the Compensation Committee were in the areas of (i) accounting and finance, including budgeting, financial reporting, audit, and staffing; (ii) information technology; and (iii) operations, including expense and specified process improvements. See the Summary Compensation Table on page 16.

*Long-Term Compensation*

The existing stock incentive program of Cavco, which is subject to annual review and may be revised or superseded in the future, is designed to provide incentive to the participants under such program, which include the named executive officers, to focus on maximizing Cavco's return to stockholders and to plan and prepare properly for Cavco's future. Stock options or grants of restricted stock may be granted under the Cavco Industries, Inc. Stock Incentive Plan and the Cavco Industries, Inc. 2005 Stock Incentive Plan. All outstanding stock options have been granted under the Cavco Industries, Inc. Stock Incentive Plan.

There were no stock incentive awards made to Mr. Stegmayer during Fiscal Year 2008.

On June 1, 2007, consistent with Cavco's objective of creating incentives for its executive officers to increase stockholder returns by establishing a direct and substantial link to executive compensation, Cavco awarded to Mr. Urness a total of 786 shares of restricted common stock valued at \$30,000 and a non-qualified Option to purchase up to 5,000 shares of common stock, each subject to a five year pro-rata vesting schedule commencing on the first anniversary of the grant date. See the Summary Compensation Table on page 16.

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*Perquisites and Other Compensation*

Cavco does not offer perquisites. Mr. Stegmayer's employment agreement does provide for an automobile allowance; however, Mr. Stegmayer has never used this allowance. The named executive officers may participate in Cavco's 401(k) plan and other health and welfare programs that are available to all other full-time employees.

**Employment, Severance, and Change in Control Agreements**

The agreement, as amended in March 2007, provides for: (a) a term ending September 30, 2008, and is automatically extended for successive one-year periods unless the board or Mr. Stegmayer elects not to renew the term by notice to the other at least 90 days prior to the end of the three-year term or any renewal term; (b) an annual base salary of no less than \$225,000; (c) an annual cash bonus in an amount equal to 3% of the first \$2.5 million of pretax income for the fiscal year and 6% of pretax income for the fiscal year in excess of such amount; and (d) certain fringe benefits. During fiscal year 2008, Mr. Stegmayer declined any fringe benefits that are not generally available to salaried employees.

Mr. Stegmayer's Employment Agreement includes provisions for certain payments to be made upon his termination or resignation. If Cavco terminates Mr. Stegmayer's employment for cause, or if he voluntarily resigns prior to the occurrence of a Change in Control of Cavco at a time when there is no uncured breach by Cavco of the agreement, then in either case he is entitled to receive only his then current base salary on a pro rata basis to the date of such termination or resignation. If Mr. Stegmayer dies, or becomes disabled, or if Cavco terminates his employment without cause prior to the occurrence of a change in control, or if he resigns because of a breach by Cavco of this Agreement, then in each case Cavco must continue to pay his base salary for each fiscal year under the remaining term of the employment agreement and the average bonus (as defined in the agreement) for such year(s), plus an additional year of base salary, and average bonus and health insurance for such additional year. If within two years after the occurrence of a change in control of Cavco (a) Cavco terminates Mr. Stegmayer's employment hereunder for any reason other than for cause, or (b) he voluntarily resigns his employment hereunder for any reason, then in each case Cavco must pay to him a lump sum termination payment equal to two times the sum of his then current base salary and average bonus.

We do not have a written or oral employment, severance or change in control agreement with Mr. Urness. Certain Restricted Stock Award Agreements with Mr. Urness provide for full vesting of all restricted shares in the event of his termination of service, other than as a result of: (i) a termination for cause; (ii) a voluntary resignation when there is no uncured breach by the Company of any obligation or duty owed by the Company to him; (iii) disability; or (iv) death; however, Mr. Urness must have been in continuous service since the grant date.

**Tax considerations**

Section 162(m) of the Internal Revenue Code limits the deductibility of executive compensation paid by publicly held corporations to \$1 million for each executive officer named in this Proxy Statement. The \$1 million limitation generally does not apply to compensation that is considered performance-based. Non-performance-based compensation paid to the Company's executive officers for the 2008 fiscal year did not exceed the \$1 million limit per employee. The Company believes that its compensation policy satisfies section 162(m). As a result, the Company believes that the compensation paid under this policy is not subject to limits of deductibility. However, there can be no assurance that the Internal Revenue Service would reach the same conclusion. Moreover, the Company has change in control agreements with one of its executive officers, its Chief Executive Officer. The Company will not be entitled to a deduction with respect to payments that are contingent upon a change in control if such payments are deemed to constitute excess parachute payments pursuant to Section 280G of the Code and do not qualify as reasonable compensation pursuant to that Section; such payments will subject the recipients to a 20% excise tax. However, the agreements provide for a gross up of severance payments equal to the amount of any excise tax incurred by the officers.

**Table of Contents****Compensation Committee Report**

The Compensation Committee of Cavco has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

## THE COMPENSATION COMMITTEE

Jack Hanna, Chairman

Michael Thomas

Jacqueline Dout

**Compensation Committee Interlocks and Insider Participation**

There were no interlocking relationships between Cavco and other entities that might affect the determination of the compensation of our executive officers.

**SUMMARY COMPENSATION**

The table below summarizes the total compensation paid or earned by each of the named executive officers for fiscal years ended March 31, 2008 and March 31, 2007, respectively.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) (1)	Option Award (\$) (2)	All Other (\$) (3)	Compensation Total (\$)
Joseph H. Stegmayer, Chairman of the Board, President and Chief Executive Officer	2008	236,250	470,400		167,017	1,089	874,756
	2007	236,250	979,620	62,500	456,981	1,089	1,736,440
Daniel L. Urness, Vice President, Chief Financial Officer and Treasurer	2008	150,000	100,000	11,000	12,167	2,576	275,743
	2007	140,000	80,000	3,855		6,173	230,028

(1) Amounts in this column represent the compensation costs recognized for financial statement reporting purposes under FAS 123R for fiscal years 2008 and 2007 with respect to awards of restricted common stock (i.e., grant date fair value amortized over the requisite



service period, but disregarding any estimate of forfeitures relating to service-based vesting conditions).

Grant date fair value is the closing price on date of grant for stock awards.

We describe these restricted common stock awards in footnote (1) in the Grants of Plan-Based Awards table.

- (2) Amounts in this column include the compensation cost recognized for financial statement reporting purposes under FAS 123R with respect to awards of options (i.e. grant date fair value amortized over the requisite service period, but disregarding any estimate of forfeitures related to service-based vesting conditions). The amounts described include the fiscal year

compensation cost for awards made in fiscal years 2008 and 2007, using the FAS 123R modified prospective transition method. We describe the assumptions made in this valuation in the Form 10-K for the year ended March 31, 2008.

- (3) All other compensation includes 401(k) matching contributions and insurance premiums paid by Cavco.

**Table of Contents****GRANTS OF PLAN-BASED AWARDS**

The following table sets forth certain information with respect to the options and stock granted during or for the fiscal year ended March 31, 2008 to each of our named executive officers listed in the Summary Compensation Table found on page 16.

<b>Name</b>	<b>Grant Date</b>	<b>All Other Stock Awards: Number of Shares of Stock or Units (#)(1)</b>	<b>All Other Option Awards: Number of Securities Underlying Options (#)(2)</b>	<b>Exercise or Base Price of Option Awards (\$/Sh)</b>
<b>Joseph H. Stegmayer</b>				
<b>Daniel L. Urness</b>	6/01/07	786	5,000	

(1) This column represents restricted common stock awards made in fiscal year 2008. Each award represents the right to receive the same number of shares of our common stock, subject to vesting conditions. We made these restricted common stock awards under the Cavco Industries, Inc. Stock Incentive Plan effective June 30, 2003. The award to Mr. Urness vests pro rata and is subject to a five year vesting schedule commencing on

the first anniversary of the grant date, June 1, 2007.

- (2) This column represents options granted during fiscal year 2008. On June 1, 2007, Mr. Urness was granted a non-qualified option to purchase up to 5,000 shares of common stock for \$38.16 per share. The option vests pro rata and is subject to a five year vesting schedule commencing on the first anniversary of the grant date.

#### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table includes certain information with respect to the value of all unexercised options and restricted stock awards previously awarded to the executive officers named above at the fiscal year end, March 31, 2008.

Name	Option Awards			Stock Awards		
	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number Of Shares Or Units Of Stock That have Not vested (#) (2)	Market Value of Shares or Units of Stock That Have Not vested (\$) (3)
Joseph H. Stegmayer	377,580		11.55	12/12/10		
	68,000		20.00	6/22/11		
	49,125	16,375	27.55	5/17/12		
Daniel L. Urness		5,000	38.16	6/01/14	1,524	53,401

- (1) Mr. Stegmayer's  
Options are  
fully vested.  
Mr. Urness  
Options vest  
20% on the first  
anniversary of  
the grant date  
and 20% each  
year thereafter  
until fully  
vested.

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- (2) These shares consist of an award of 923 shares made on August 9, 2006 and an award of 786 shares made June 1, 2007. See Compensation Discussion and Analysis Components of Executive Compensation on page 13. The shares awarded vest 20% on the first anniversary of the grant date and 20% each year thereafter until fully vested.
- (3) The Market value of the restricted shares to Mr. Urness is based on a share price of \$35.04 on March 31, 2008.

**OPTION EXERCISES AND STOCK VESTED**

The following table includes certain information with respect to the options exercised by the executive officers named above and stock vested during the fiscal year ended March 31, 2008.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired On Vesting (#)	Value Realized On Vesting (\$)
Joseph H. Stegmayer				
Daniel L. Urness			185 (1)	7,289 (2)

(1)

Reflects the number of shares of restricted common stock that have vested in fiscal year ended March 31, 2008.

- (2) These shares vested on August 9, 2007. The value realized on vesting is based on the closing share price of \$39.40 on the date of vesting.

#### **RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS**

Ernst & Young LLP acted as Cavco's independent registered public accounting firm to audit its books and records for fiscal year 2008, and the Audit Committee has appointed Ernst & Young LLP as Cavco's independent registered public accounting firm for fiscal year 2009, subject to ratification by Cavco stockholders.

If the stockholders do not ratify the appointment, the Audit Committee will reconsider whether or not to retain Ernst & Young LLP, but still may retain them. Even if the appointment is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of Cavco and our stockholders.

Representatives of Ernst & Young LLP are expected to be present at the annual meeting, with the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions from Cavco stockholders.

#### **Recommendation of the Board**

**The board of directors unanimously recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as Cavco's independent registered public accounting firm for fiscal year 2009.**

#### **Audit Fees**

The Audit Committee has adopted policies and procedures pre-approving all audit and permissible non-audit services performed by Ernst & Young LLP. Under these policies, the Audit Committee pre-approves the use of audit and specific permissible audit-related and non-audit services up to certain dollar limits. Services that do not come under this authority must be pre-approved separately by the Audit Committee. In determining whether or not

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to pre-approve services, the Audit Committee determines whether the service is a permissible service under the SEC's rules, and, if permissible, the potential effect of such services on the independence of Ernst & Young LLP.

The aggregate fees billed for professional services by Ernst & Young LLP in the last two fiscal years are as follows:

Type of Fees	Fiscal 2008	Fiscal 2007
Audit Fees	\$ 412,060	\$ 389,090
Audit-Related Fees	28,490	17,918
Tax Fees	51,236	53,924
All Other Fees	1,500	1,500
Total	\$ 493,286	\$ 462,432

As used in the foregoing table:

**Audit Fees** are the aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of annual financial statements, internal controls, and review of financial statements included in Form 10-Q quarterly reports or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements;

**Audit-Related Fees** are the aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of the financial statements, including audits of employee benefit plans and accounting consultations, due diligence related to mergers, internal control reviews, and attest services that are not required by statute or regulation;

**Tax Fees** are the aggregate fees billed in each of the last two fiscal years fees for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning; and

**All Other Fees** includes the aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, including fees for auditing previous year's financial statements and fees for permitted corporate finance assistance and permitted advisory services.

**GENERAL****Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires Cavco directors and executive officers, and persons who beneficially own more than 10% of a registered class of Cavco's equity securities, to file initial reports of ownership, reports of changes in ownership and annual reports of ownership with the SEC and NASDAQ. Such persons are required by SEC regulations to furnish Cavco with copies of all Section 16(a) reports that they file with the SEC.

Based solely on its review of the copies of such reports received by it with respect to fiscal year 2008 or written representations from certain reporting persons, Cavco believes that its directors, executive officers and persons who beneficially own more than 10% of a registered class of Cavco's equity securities have complied with all filing requirements of Section 16(a) for fiscal year 2008 applicable to such persons.

**Certain Relationships and Related Transactions**

We have entered into Change of Control Agreements with certain of our executive officers. See above under Compensation Discussion and Analysis - Employment, Severance and Change of Control Arrangements.



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### **Code of Conduct**

Cavco has adopted a code of conduct that applies to all Cavco employees, including Cavco's Chief Executive Officer, Chief Financial Officer and Controller. Cavco's code of conduct is designed to deter wrongdoing and to promote:

honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

full, fair, accurate, timely and understandable disclosure in reports and documents that Cavco files with, or submits to, the SEC and in other public communications made by Cavco;

compliance with applicable governmental laws, rules and regulations;

the prompt internal reporting of violations of the code of conduct to an appropriate person or persons identified in the code of conduct; and

accountability for adherence to the code of conduct.

Cavco has posted the text of its code of conduct on its Internet website at [www.cavco.com](http://www.cavco.com). Cavco's code of conduct will remain accessible on its Internet website. However, if Cavco ever desires to remove its code of conduct from its Internet website, then, prior to such removal, Cavco will either file its code of conduct as an exhibit to its Annual Report on Form 10-K filed with the SEC or will undertake in an Annual Report on Form 10-K to provide a copy of the code of conduct to any person without charge.

### **Form 10-K**

**Stockholders entitled to vote at the annual meeting may obtain a copy of Cavco's Annual Report on Form 10-K for the fiscal year ended March 31, 2008, including the financial statements, required to be filed with the SEC, without charge, upon written or oral request to Cavco Industries, Inc., Attention: James P. Glew, Secretary, 1001 N. Central Avenue, Suite 800, Phoenix, Arizona, 85004, (602) 256-6263.**

### **Stockholder Proposals**

Cavco's 2009 annual meeting of stockholders is scheduled to be held on June 24, 2009. To be considered for inclusion in next year's proxy statement, stockholder proposals, submitted in accordance with the SEC's Rule 14a-8, must be received at Cavco's principal executive offices, addressed to the attention of the Secretary, no later than the close of business on February 4, 2009.

For any proposal that is not submitted for inclusion in Cavco's proxy material for the 2008 annual meeting of stockholders but is instead sought to be presented directly at that meeting, Rule 14a-4(c) under the Exchange Act permits Cavco's management to exercise discretionary voting authority under proxies it solicits unless Cavco is notified about the proposal no earlier than January 10, 2009 and no later than April 13, 2009, and the stockholder submitting the proposal satisfies the other requirements of Rule 14a-4(c). Cavco's bylaws further provide that, to be considered at the 2009 annual meeting, a stockholder proposal relating to the nomination of a person for election as a director must be submitted in writing and received by the Secretary at the principal executive offices of Cavco no earlier than January 10, 2009 and no later than April 13, 2009, and must contain the information required by Cavco's bylaws. Any stockholder wishing to receive a copy of Cavco's bylaws should direct a written request to the Secretary at Cavco's principal executive offices.

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**Cavco Website**

In this proxy statement, we state that certain information and documents are available on the Cavco website. These references are merely intended to suggest where additional information may be obtained by our stockholders, and the materials and other information presented on our website are not incorporated in and should not otherwise be considered part of this proxy statement.

By Order of the Board of Directors

JAMES P. GLEW  
Secretary

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Please Mark Here for Address Change or Comments  
**SEE REVERSE SIDE**

**UNLESS OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE TWO DIRECTOR NOMINEES NAMED IN ITEM 1 AND FOR ITEM 2, and, at the discretion of the named proxies, upon such other business as may properly be brought before the meeting or any adjournment thereof. By executing this proxy, the undersigned hereby revokes prior proxies relating to the meeting.**

Please mark your vote as indicated in this example

**The Board of Directors recommends a vote FOR the election of the two nominees in Item 1 and FOR Item 2.**      **FOR**      **WITHHOLD**

(except as marked to the contrary)

FOR    AGAINST    ABSTAIN

1. Election of two directors to serve until the Annual Meeting of Stockholders in 2011.

    

2. Ratification of the appointment of independent auditor for fiscal 2009.

          

**Nominees**  
 01 Joseph H. Stegmayer  
 02 William C. Boor

3. In their discretion, on such other business as may properly be brought before the meeting or any adjournment thereof.

Withheld for the nominees you list below: ( Write that nominee's name in the space provided below.)

MARK HERE IF YOU PLAN TO ATTEND THE MEETING.

**Signature**

**Signature**

**Date**

Please sign exactly as your name appears on your stock certificate. For joint accounts, each owner should sign. Executors, Administrators, Trustees, etc. should give full title.

**5FOLD AND DETACH HERE5**

**WE ENCOURAGE YOU TO TAKE ADVANTAGE OF INTERNET OR TELEPHONE VOTING,  
BOTH ARE AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.**

Internet and telephone voting is available through 11:59 PM Eastern Time  
the day prior to annual meeting day.

**Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner  
as if you marked, signed and returned your proxy card.**

**INTERNET**

**<http://www.proxyvoting.com/cvco>**

Use the Internet to vote your proxy.  
Have your proxy card in hand when  
you access the web site.

**OR**

**TELEPHONE**

**1-866-540-5760**

Use any touch-tone telephone  
to vote your proxy. Have your  
proxy card in hand when you  
call.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card.  
To vote by mail, mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

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**CAVCO INDUSTRIES, INC.  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS  
ANNUAL MEETING OF STOCKHOLDERS JULY 9, 2008**

The undersigned hereby appoints Steven G. Bunger and Jacqueline Dout, or either of them, proxy, with full power of substitution, to vote, as specified on the reverse side, at the Annual Meeting of Stockholders of Cavco Industries, Inc. to be held July 9, 2008, or any adjournment thereof, all shares of Common Stock of Cavco Industries, Inc. registered in the name of the undersigned at the close of business on May 16, 2008.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS SPECIFIED ON THE BALLOT ON THE REVERSE SIDE, BUT IF NO INSTRUCTIONS ARE INDICATED, THEN THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE DIRECTOR NOMINEES NAMED IN ITEM 1 AND FOR ITEM 2. THE PROXIES WILL USE THEIR DISCRETION WITH RESPECT TO ANY MATTER REFERRED TO IN ITEM 3.**

By execution of this proxy, you hereby acknowledge receipt herewith of Notice of Annual Meeting and Proxy Statement for the July 9, 2008 Annual Meeting.

**READ, EXECUTE AND DATE REVERSE SIDE AND MAIL IN THE ENCLOSED ENVELOPE.**

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card.

**Address Change/Comments (Mark the corresponding box on the reverse side)**

**5 FOLD AND DETACH HERE 5**