Phoenix, Arizona 85004
602-256-6263

May 21, 2010

Dear Stockholders:

It is our pleasure to invite you to attend the Cavco Industries, Inc. ("Cavco") 2010 Annual Meeting of Stockholders. The meeting will be held on June 24, 2010 at 9:00 a.m. (M.S.T.) at Cavco's offices, 1001 N. Central Avenue, Suite 800, Phoenix, Arizona 85004. The attached Notice of Annual Meeting of Stockholders and Proxy Statement provide information concerning the business to be conducted at the meeting and the nominee for election as a director.

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

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

Time:	9:00 a.m. (M.S.T.), June 24, 2010
Place:	Cavco Industries, Inc.'s ("Cavco") Offices 1001 N. Central Avenue Suite 800 Phoenix, Arizona 85004
Items of Business:	1. To elect one director comprising a class of directors to serve until the annual meeting of stockholders in 2013, or until a successor has been elected and qualified; 2. To re-approve the performance goals for section 162(m) awards under the Cavco Industries, Inc. 2005 Stock Incentive Plan, as amended; 3. To ratify the appointment of Ernst & Young LLP as Cavco's independent registered public accounting firm for fiscal year 2011; and 4. To transact such other business as may properly come before the meeting or any adjournment thereof.
Annual Reports:	The 2010 Annual Report to Stockholders, which includes the Annual Report on Form 10-K, is enclosed and may be viewed on Cavco's website at http://www.cavco.com/investorrelations/annualmeeting.
Who Can Vote:	You can vote if you were a stockholder of record at the close of business on May 10, 2010.
Date of Mailing:	This Notice and Proxy Statement are first being mailed to stockholders on or about May 25, 2010.

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 June 24, 2010

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 June 24, 2010, 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.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on June 24, 2010:

The notice of meeting, proxy statement, annual report and sample proxy card are available for review at http://www.cavco.com/investorrelations/annualmeeting.

Purposes of the Annual Meeting

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

(1) Election of one director comprising a class of directors to serve until the annual meeting of stockholders in 2013, or until a successor has been elected and qualified;

(2) To re-approve the performance goals for section 162(m) awards under the Cavco Industries, Inc. 2005 Stock Incentive Plan, as amended;

(3) Ratification of the appointment of Ernst & Young LLP as Cavco's independent registered public accounting firm for fiscal year 2011; and

(4) 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.

Our Investor Relations telephone number is (800) 790-9111 should you wish to obtain directions to our executive offices in order to attend the Annual Meeting and vote in person.

YOUR VOTE IS IMPORTANT!

YOU ARE URGED TO VOTE YOUR PROXY PROMPTLY BY MAIL, TELEPHONE OR VIA THE INTERNET, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.

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 10, 2010 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 6,541,684 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.

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: (i) FOR the election of the nominee for director named in the proxy; (ii) FOR the re-approval of the performance goals for Section 162(m) awards under the Cavco Industries, Inc. 2005 Stock Incentive Plan, as amended; and (iii) FOR the ratification of the appointment of Ernst & Young LLP as Cavco's independent registered public accounting firm for fiscal year 2011. In the event you specify a different choice by means of the enclosed proxy, your shares will be voted in accordance with those instructions.

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. If a quorum is present, in order to be elected as a director, a nominee must receive the affirmative vote of the holders of a plurality of the shares of common stock present, either in person or by proxy, and entitled to vote on the election of directors. If a quorum is present, approval of all other matters that properly come before the meeting requires the affirmative vote of the holders of a majority of the shares of common stock present, either in person or by proxy, and entitled to vote on the matter presented at the meeting.

In the election of directors, withhold authority votes will have no effect on the outcome of the vote; however, in the votes on the other matters that properly come before the meeting, abstentions will have the effect of votes "against" the proposals.

As you may know, recent changes to exchange rules eliminated broker discretionary voting with respect to the election of directors. Therefore, unlike in prior years, your broker is not able to vote on your behalf in any director election without specific voting instructions from you. **Accordingly, we encourage you to vote your shares in the election of directors before the meeting either by returning your proxy by mail, voting by telephone or voting**

via the Internet so that your shares will be represented and voted at the meeting if you cannot attend in person.

If sufficient votes for approval of the matters to be considered at the annual meeting have not been received prior to the meeting date, we may postpone or adjourn the annual meeting in order to solicit additional votes. The form of proxy being solicited by this proxy statement provides the authority for the proxy holders, in their discretion, to vote the stockholders' shares with respect to a postponement or adjournment of the annual meeting. At any postponed or adjourned meeting, proxies received pursuant to this proxy statement will be voted in the same manner described in this proxy statement with respect to the original meeting.

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.

STOCK OWNERSHIP

Management

The following table sets forth information, as of May 20, 2010, 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 20, 2010

	Cavco Common stock (2)	
Name of Beneficial Owner (1)	Number of Shares Beneficially Owned	Percent of Class
William C. Boor	10,250	*
Steven G. Bunger	12,125	*
David A. Greenblatt	5,625	*
Jack Hanna	12,500	*
Joseph H. Stegmayer	612,428	9.36 %
Daniel L. Urness	7,869	*
All directors, director nominees and executive officers of Cavco as a group (6 persons)	660,797	10.10 %

* Less than 1%.

(1) The address of listed stockholders is 1001 N. Central Avenue, Suite 800, Phoenix, Arizona 85004.

(2) Shares covered by stock options that are outstanding under the Cavco Industries, Inc. Stock Incentive Plan, as amended, and exercisable on 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. Boor – 10,250 shares; Mr. Bunger – 12,125 shares; Mr. Greenblatt – 5,625 shares; Mr. Hanna – 12,500 shares; Mr. Stegmayer – 479,080 shares; Mr. Urness – 7,000 shares; and all directors, director nominees and executive officers of Cavco as a group – 526,580 shares.

Principal Stockholders

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 SEC on or before May 20, 2010.

PRINCIPAL STOCKHOLDER INFORMATION IS DATED MAY 20, 2010

Name and Address Of Beneficial Owner	Amount Beneficially Owned	Percent of Class
Columbia Wanger Asset Management, L.P. 227 West Monroe Street Suite 3000 Chicago, IL 60606-5016	853,684 (1)	13.05 %
Third Avenue Management LLC 622 Third Avenue, 32nd Floor New York, NY 10017	831,181 (2)	12.71%
T. Rowe Price Associates, Inc. (MD) 100 East Pratt Street Baltimore, MD 21202-1009	728,240 (3)	11.13 %
Wells Fargo and Company 420 Montgomery Street San Francisco, CA 94104	712,196 (4)	10.89 %
GAMCO Investors, Inc. 1 Corporate Center Rye, NY 10580-1422	627,028 (5)	9.59 %
Joseph H. Stegmayer 1001 N. Central Avenue, Suite 800 Phoenix, AZ 85004	612,428 (6)	9.36 %
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	577,463 (7)	8.82 %
Royce & Associates LLC 1414 Avenue of the Americas New York, NY 10019	479,573 (8)	7.33 %
Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, CA 90401	360,630 (9)	5.51 %

(1) Information regarding Columbia Wanger Asset Management, L.P. (“Columbia Wanger”) is based solely upon a Schedule 13G filed with the SEC on February 9, 2010. Columbia Wanger reported having sole voting and dispositive power over all of the shares.

(2) Information regarding Third Avenue Management LLC (“TAM”) is based solely upon a Schedule 13G filed with the SEC on February 16, 2010. TAM reported having sole voting and dispositive power over all of the shares. TAM reported that Met Investors Series Trust-Third Avenue Small Cap Portfolio (“Met”), an investment company registered under the Investment Company Act of 1940, has the right to receive dividends from, and the proceeds from the sale of 787,653 of the shares reported by TAM. Met separately reported its interest in these shares on schedule 13G filed February 10, 2010.

(3) Information regarding T. Rowe Price Associates, Inc. (“Price Associates”) is based solely upon a Schedule 13G filed with the SEC on February 12, 2010. Price Associates reported having sole voting power with respect to 146,300 shares and sole dispositive power with respect to all shares. 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 580,000 shares, representing 8.9% 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. 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.

(4) Information regarding Wells Fargo & Company (“Wells”) is based solely upon a Schedule 13G filed with the SEC on January 22, 2010. Wells reported that it possessed sole voting power with respect to 696,791 shares, shared voting power with respect to 100 shares, sole dispositive power with respect to 711,816 shares, and shared dispositive power with respect to 380 shares.

(5) Information regarding GAMCO Investor’s, Inc. (“GAMCO”) is based solely upon a Schedule 13D filed with the SEC on March 6, 2009 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 616,028 shares and sole dispositive power over all of the shares. Included in the Schedule 13D are Gabelli Funds, LLC, GAMCO Asset Management, Inc., and Gabelli Advisers, Inc.

(6) Information regarding Joseph H. Stegmayer is based upon Cavco’s records.

(7) Information regarding BlackRock, Inc. (“BlackRock”) is based solely upon a Schedule 13G filed with the SEC on January 29, 2010. BlackRock reported having sole voting and dispositive power over all of the shares.

(8) Information regarding Royce & Associates LLC (“Royce”) is based solely upon a Schedule 13G/A filed with the SEC on January 22, 2010. Royce reported that it possessed sole voting and dispositive power with respect to all of the shares.

(9) Information regarding Dimensional Fund Advisors LP (“Dimensional”) is based solely upon a Schedule 13G filed with the SEC on February 8, 2010. Dimensional reported that it possessed sole voting power with respect to 350,620 shares and sole dispositive power with respect to all of the shares.

PROPOSAL NO. 1: ELECTION OF ONE DIRECTOR

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 is presently one director in the class whose term expires at the 2010 annual meeting, two directors in the class whose terms expire at the 2011 annual meeting, and two directors in the class whose term expires at the 2012 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.

David A. Greenblatt, the member of the board whose term expires at the 2010 annual meeting, will stand for re-election at the 2010 annual meeting. Mr. Greenblatt has been nominated for service as a director until the 2013 annual meeting 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 this nominee or, if the nominee becomes unavailable (which we do not anticipate), for such substitute nominee 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 nominee and the continuing directors furnished to Cavco the biographical information appearing below.

Recommendation of the Board of Directors

The Board of Directors recommends that the stockholders vote "FOR" the election of Mr. Greenblatt.

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 5605(a)(2).

Nominee for Director Standing for Election

David A. Greenblatt, 48, is Chairperson of our Compensation Committee, a member of the Audit Committee and has been a member of our board since October 2008. Mr. Greenblatt currently serves as Senior Vice President and Deputy General Counsel for Eagle Materials Inc. ("Eagle Materials"), a NYSE-listed company specializing in the construction products and building materials business and headquartered in Dallas, Texas, where he actively manages legal matters and project development. Previously, he worked for Eagle Materials as its General Counsel from 1993 until 1998 and as Senior Vice President – Mergers & Acquisitions from 2000 to 2002. He has also worked in various roles for Centex Corporation ("Centex"), including Vice President and General Counsel of its Investment Real Estate Group, Vice President and Assistant General Counsel of Centex and General Counsel of Cavco. Prior to joining Centex, Mr. Greenblatt was an associate for over 5 years in the corporate and securities group of Hughes & Luce (now K&L Gates, LLP) in Dallas.

In addition to his executive and legal experience, Mr. Greenblatt brings to our board his extensive knowledge of our company and industry, having served as Cavco's General Counsel while with Centex.

Continuing Directors

Term Expiring in 2011

Joseph H. Stegmayer, 59, 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's manufactured housing holding company, Centex Manufactured Housing Group, LLC, from September 2000 until Cavco's spin-off from Centex in June 2003. Prior to joining Cavco, Mr. Stegmayer served as Executive Vice President of Champion Enterprises, Inc., a company that builds and sells manufactured homes and 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.

As Chairman of the Board, President and CEO of Cavco, with twenty-five years of experience in the manufactured housing industry, Mr. Stegmayer has an in depth understanding of the factors affecting Cavco's business. Mr. Stegmayer is widely recognized as a manufactured housing industry expert and has extensive experience managing public companies.

William C. Boor, 44, is Chairperson of our Audit Committee, a member of our Compensation Committee and has been a member of our board since July 2008. Mr. Boor is a Senior Vice President of Cliffs Natural Resources, Inc. ("Cliffs") and President of Cliffs' Ferroalloys business. Mr. Boor joined Cliffs in May 2007 as Senior Vice President, Business Development after having served as Executive Vice President, Strategy and Development, at American Gypsum Company, a subsidiary of Eagle Materials from 2005 to 2007. From 2002 to 2005, Mr. Boor served as Senior Vice President – Corporate Development and Investor Relations of Eagle Materials. From 2001 to 2002 he served as Vice President – Corporate Development of Centex. He also has held key leadership roles at Weyerhaeuser Co. and Procter & Gamble Co.

Mr. Boor earned an MBA from Harvard Business School and is a Chartered Financial Analyst. Mr. Boor brings to our board diverse experience in manufacturing management, process engineering, financial management, investor relations and marketing.

Term Expiring in 2012

Steven G. Bunger, 49, 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. ("Mobil Mini"), 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.

Mr. Bunger brings to our board a breadth of operational, managerial, and marketing experience from running the world's leading provider of portable storage solutions. Additionally, Mr. Bunger has extensive acquisition experience which he lends in assisting Cavco's management and board in evaluating growth opportunities.

Jack Hanna, 63, is a member of our Compensation Committee and has been a member of our board since 2003. Since 2007, Mr. Hanna has hosted *Jack Hanna's Into the Wild,* a nationally syndicated television program and spends the majority of each year filming and lecturing around the world. From 1993 through 2006, Mr. Hanna hosted *Jack Hanna's Animal Adventures*, a nationally syndicated television program. Since 1992, Mr. Hanna has served as Director Emeritus of the Columbus Zoo and Aquarium in Columbus, Ohio.

As evidenced by his long tenure with the Columbus Zoo and Aquarium, Mr. Hanna has extensive management and leadership experience. With his keen understanding of people, marketing, operations and facilities management, Mr. Hanna helped transform the Columbus Zoo and Aquarium into one of the largest and most highly attended zoos in the United States. These attributes make Mr. Hanna a valuable member of our board.

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. Effective April 1, 2010, annually, non-employee directors receive compensation in the form of a $20,000 retainer fee, a grant of an option to purchase 3,000 shares of Cavco common stock on the anniversary of the director's election to the board, and an additional $2,000 for each board meeting attended. Members of board committees also receive a fee of $1,000 for each committee meeting attended. The chairperson of the Audit Committee receives an additional $10,000 per year for such service and the chairperson of the Compensation Committee receives an additional $4,000 per year for such service.

All options awarded to non-employee directors have a seven-year term and a per share exercise price equal to the fair market value of a share of common stock of Cavco on the date of grant. All options awarded prior to April 1, 2010, become exercisable at the rate of 25% on the date of grant and an additional 25% on the following three anniversaries of the date of grant. Options awarded on or after April 1, 2010, become exercisable at the rate of 50% on the date of grant and 50% on the first anniversary 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.

DIRECTOR COMPENSATION TABLE

The following table provides information regarding compensation paid to each non-employee director during the year ended March 31, 2010.

Name	Fees Earned or Paid in Cash ($) (1)	Option Awards ($) (2)	Total ($)
William C. Boor	33,000	25,875	58,875
Steven G. Bunger	27,000	21,425	48,425
David A. Greenblatt	29,000	31,775	60,775
Jack Hanna	25,000	35,725	60,725

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

(2) Amounts in this column represent the aggregate grant date fair value computed in accordance with the Financial Accounting Standards Board Accounting Standards Codification 718, *Compensation—Stock Compensation* (“ASC 718”). We describe the assumptions made in this valuation in Note 7 to the Consolidated Financial Statements filed with the Form 10-K in the discussion below. As of March 31, 2010, each director had the following number of options outstanding: Mr. Boor – 12,500 shares (10,000 granted on July 9, 2008; 2,500 granted on July 9, 2009); Mr. Bunger – 12,500 shares (5,000 granted on April 27, 2006; 2,500 granted on April 27, 2007; 2,500 granted on April 27, 2008; 2,500 shares granted on April 27, 2009); Mr. Greenblatt – 12,500 shares (10,000 granted on October 21, 2008; and 2,500 granted on October 21, 2009); and Mr. Hanna – 16,250 shares (1,250 granted on March 31, 2005; 5,000 granted on November 30, 2005; 2,500 granted on September 22, 2006; 2,500 granted on September 22, 2007, 2,500 granted on September 22, 2008; and 2,500 granted on September 22, 2009). Options are granted on the date of the director’s initial election to the board and the anniversary date of such election. The foregoing options vest at the rate of 25% on the date of grant and an additional 25% on each of the following three anniversaries of the date of grant. See Note 7 to the Consolidated Financial Statements in Cavco’s Annual Report on Form 10-K for fiscal year ended March 31, 2010.

Board and Committee Meetings

During Cavco’s fiscal year ended March 31, 2010, our board held five regularly scheduled meetings and one special meeting. Each of our directors attended all of the meetings of the board and board committees on which they served in fiscal year 2010.

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 2009 annual meeting of stockholders, all directors serving at that time were present in person with the exception of Mr. Hanna who was present by telephone and could not attend the meeting in person because of an emergency related to his duties with the Columbus Zoo and Aquarium.

Director Nominating Process

Selection by Independent Directors.

The board has not established a director nominating committee. Instead, our board has determined that the independent directors, as a group, should fulfill this responsibility. The board has adopted resolutions, as required by the NASDAQ Rules, providing for the nomination of directors by the independent directors of the board, which 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, and by a majority of the entire board of directors. 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.

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.

Diversity. Cavco does not have a formal policy with regard to the consideration of diversity in identifying Director nominees, but the board strives to nominate Directors with a variety of complementary skills so that, as a group, the board will possess the appropriate talent, skills, and expertise to oversee Cavco's businesses.

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;

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

- the number of shares beneficially owned by each person with whom the stockholder is acting in concert.

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 would be required to be included 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.

Other Board Matters

Board Leadership Structure

The board does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the board as the board believes it is in the best interests of Cavco to make that determination based on the position and direction of Cavco and the membership of the board. The board has determined that having Cavco's Chief Executive Officer serve as Chairman is in the best interest of Cavco's shareholders at this time. This structure makes the best use of the Chief Executive Officer's extensive knowledge of Cavco and its industry, as well as fostering greater communication between Cavco's management and the board. Cavco does not have a lead independent director.

The Board's Role in Risk Oversight

Management of risk is the responsibility of Cavco's executive officers and senior management team. The Board has oversight responsibility and has designated the Audit Committee to oversee Cavco's processes to manage business and financial risk and compliance with significant applicable legal, ethical, and regulatory requirements. The Audit Committee reports to the board regarding the adequacy of Cavco's risk management processes. To assist the Audit Committee in overseeing risk management, Cavco’s Director of Internal Audit is directly accessible by the Audit Committee and reports to the Audit Committee upon request. Additionally, the board encourages management to promote a corporate culture that incorporates risk management into Cavco's corporate strategy and day-to-day business operations. The board regularly works, with the input of Cavco's executive officers, to assess and analyze the most likely areas of future risk for Cavco.

Audit Committee

Our Audit Committee is composed of three directors, Messrs. Boor, Bunger, and Greenblatt, 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 was most recently amended on June 30, 2009. The Audit Committee Charter is posted on our website at 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. William C. Boor, the chairperson of the Audit Committee, is a Senior Vice President of Cliffs, an international mining company, and President of Cliffs’ Ferroalloys business. Previously, Mr. Boor held the position of Senior Vice President, Business Development at Cliffs. Prior to joining Cliffs, Mr. Boor was Executive Vice President, Strategy and Development, at American Gypsum Company, a company that manufactures, sells, and distributes gypsum wallboard products. Mr. Boor earned an MBA from Harvard University in 1994 and is a Chartered Financial Analyst. Accordingly, the board of directors has determined that Mr. Boor meets the qualifications of an “Audit Committee financial expert” in accordance with the 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 disclosure controls and procedures and internal control over financial reporting 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 audit process.

The Audit Committee Charter provides that the Audit Committee shall perform the following key tasks:

- select, appoint, evaluate, retain, terminate and replace Cavco’s independent auditors (subject, if the Audit Committee so determines, to stockholder ratification);
- obtain and review, at least annually, a report by Cavco’s independent auditors describing the firm’s internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues;
- receive the applicable written independence disclosures required by the Public Company Accounting Oversight Board, including those disclosures required by Ethics and Independence Rule 3526 (the “Independence Report”);
- actively engage in a dialogue with the independent auditors with respect to any relationships or services disclosed in the Independence Report or otherwise known to the Audit Committee that may impact the objectivity or independence of the auditor, and recommend that the Board take appropriate action in response to such information to satisfy itself of the auditor’s independence;
- review any report made by the Cavco’s independent auditors pursuant to Section 10A(k) of the Exchange Act;
- confirm with the independent auditor that the independent auditor is in compliance with the partner rotation requirements established by the SEC;

- review with the independent auditors any audit problems or difficulties and management's response; and

- preapprove all auditing services, audit engagement fees and terms and permitted non-audit services provided to Cavco by its independent auditors (subject to the de minimis exceptions for certain non-audit services set forth in Section 10A(i)(1)(B) of the Exchange Act), provided that the Audit Committee may delegate to one or more subcommittees the authority to grant approvals of audit and permitted non-audit services.

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 six times. Every member attended each of the meetings.

Report of the Audit Committee

In accordance with its written charter, the primary function of the Audit Committee is to assist the board in fulfilling its responsibility for oversight of: (i) the quality and integrity of Cavco Industries Inc.'s ("Cavco") accounting, auditing, and financial reporting practices and processes; (ii) the financial information to be provided to the stockholders of Cavco; (iii) the systems of disclosure controls and procedures and internal control over financial reporting established by management, the Committee and the Board; (iv) compliance with Cavco's Code of Conduct; (v) the independent auditors qualifications and independence; (vi) the performance of Cavco's independent auditors; and (vii) the internal audit process.

Management is responsible for Cavco's financial reporting process, including the system of internal controls, and for the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. The independent accountants are responsible for auditing and rendering an opinion on Cavco's consolidated financial statements, as well as auditing certain aspects of the Cavco's internal controls. The Audit Committee's responsibility is to monitor these processes.

In discharging its duties, the Audit Committee has: (i) reviewed and discussed Cavco's audited Consolidated Financial Statements as of and for the year ended March 31, 2010 with our management; (ii) discussed with the independent registered public accounting firm the matters required to be discussed by Statement of Auditing Standards No. 114, The Auditor's Communication with Those Charged with Governance (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; (iii) received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the audit committee concerning independence; (iv) discussed with the independent registered public accounting firm such independent registered public accounting firm's independence; and (v) discussed with management critical accounting policies and the processes and controls related to the President and Chief Executive Officer and the Chief Financial Officer financial reporting certifications required by the SEC and the Sarbanes-Oxley Act of 2002 to accompany Cavco's periodic filings with the SEC. Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the Consolidated Financial Statements referred to above be included in Cavco's Annual Report on Form 10-K for the year ended March 31, 2010.

Audit Committee of the Board of Directors
William C. Boor, Chairperson
Steven G. Bunger
David A. Greenblatt

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 David A. Greenblatt, its Chairman, William C. Boor, and Jack Hanna.

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.

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 the 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 three times during the fiscal year and all members attended each meeting.

For information regarding the process and procedures for consideration and determination of executive and director compensation, please see the Compensation Discussion and Analysis below.

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 2010, 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 either a cash bonus or non-equity incentive compensation, 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 generally available for all other full-time employees.

Compensation Policies and Practices as they Relate to Risk Management

The Compensation Committee has reviewed Cavco's compensation policies and practices for its employees as they relate to risk management and has determined that such policies and practices are not reasonably likely to have a material adverse effect on Cavco.

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. For fiscal year 2010, we considered our compensation peer group for benchmarking the Chief Executive Officer and Chief Financial Officer compensation to include the following companies: Cavalier Homes; Champion Enterprises, Inc.; Coachmen Industries, Inc.; Fleetwood Enterprises, Inc.; Palm Harbor Homes, Inc.; and Skyline Corporation. These peers were chosen because each is publicly traded manufactured housing company.

In connection with its compensation decisions for Fiscal Year 2010, the Compensation Committee used peer group compensation information as guidance to ascertain whether our Chief Executive Officer and Chief Financial Officer base salaries and incentive compensation are generally aligned with those positions in the peer group. The Committee did not decide that the compensation for the named executives should be a specified percentage above or below, or equal to, the comparable compensation for the peer group. However, the Compensation Committee did note that the compensation of its senior management was below that paid to executives of most peer group companies.

While the Compensation Committee does review peer group compensation information, it is not the sole factor it considers in setting executive compensation. The Compensation Committee also takes into account other factors, including an executive's compensation history, experience, performance, tenure, and Cavco's performance.

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). The Compensation Committee did not engage a compensation consultant during fiscal year 2010 and relied primarily on its analysis of peer group performance and compensation data.

Role of Management in Establishing and Awarding Compensation

The Compensation Committee annually reviews and approves the base salary levels and incentive opportunity levels for Cavco's named executive officers. Following the conclusion of each fiscal year, the Compensation Committee then makes a recommendation of incentive compensation awards to be paid to the named executive officers. Upon this recommendation, the board makes all final compensation decisions related to our named executive officers. In addition, 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.

Following the conclusion of a fiscal year, the Compensation Committee reviews and makes recommendations to the board with respect to incentive compensation awards for the Chief Executive Officer and the other members of senior management of Cavco, including awards under short-term and long-term incentive compensation plans.

To assist the Compensation Committee with its review, management provides the Compensation Committee with peer group performance results and compensation data and other information as requested by the Compensation Committee. The board then reviews the recommendations of the Compensation Committee and considers the approval of such incentive compensation awards.

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;
- 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; and
- compensation programs should not encourage executives to take unnecessary risks.

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 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 to the board the base salary levels for the named executive officers. In developing salary amounts, the Compensation Committee conducts a general review of salaries for similar positions in our peer group. In setting base salary levels, the Compensation Committee also considers an executive's compensation history, experience, performance, tenure, 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’s base salary for fiscal year ended March 31, 2010 was $236,250. Effective April 1, 2010, Mr. Stegmayer’s base salary was increased for the first time since April 1, 2004 to $300,000 per annum.

Mr. Urness, who does not have an employment agreement, was paid a base salary of $175,000 for fiscal year ended March 31, 2010. Effective April 1, 2010, Mr. Urness’ base salary was increased to $190,000 per annum. See the Summary Compensation Table on page 19.

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 non-equity incentive compensation (referred to as “bonus” in his employment agreement) 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 19. Based on this formula, for the fiscal year ended March 31, 2010, there was no non-equity incentive compensation paid to Mr. Stegmayer.

Incentive Compensation for Mr. Urness is paid at the sole discretion of Cavco’s board in accordance with the incentive compensation program that is considered and adopted annually by the Compensation Committee. On November 5, 2009, the Compensation Committee approved the Vice President and Chief Financial Officer Incentive Compensation Plan for Fiscal Year 2010 (the “CFO Incentive Plan”) for Mr. Urness, consisting of three components: (i) a specific objectives based bonus of up to $50,000 to be paid in quarterly installments corresponding to Cavco’s fiscal year; (ii) a special projects based bonus of up to $50,000 to be paid in increments upon completion of certain assigned projects; and (iii) a profit related bonus of up to $75,000. The specific objectives based bonus is based upon the performance of Mr. Urness and the specific progress made in successfully achieving certain business objectives established by the Compensation Committee and the CEO in the areas of (i) accounting and finance, including the expansion of the internal audit function; (ii) information technology; and (iii) operations. The special projects bonus is related to Mr. Urness’ work on projects such as the integration of the Fleetwood Homes assets; development and implementation of an inventory finance program; and other acquisition and corporate development work. The profit based bonus is dependent upon Cavco achieving specific pre-tax income thresholds as follows: (i) for pretax income between $500,000 and $999,999 a bonus of up to $25,000 may be awarded; (ii) for pretax income between $1,000,000 and $1,499,000 a bonus of up to $50,000 may be paid; and (iii) for pretax income of $1,500,000 and above, a bonus of up to $75,000 may be paid. For fiscal year 2010, the Compensation Committee awarded Mr. Urness the full specific objectives and special projects based bonuses payable under the CFO Incentive Plan. The specific objectives based bonus was paid in quarterly installments following reviews by the Compensation Committee and Mr. Stegmayer of Mr. Urness’s performance in, among other things, financial reporting, advancement of inventory finance initiatives, expansion of the accounting staff, development of Cavco’s internal audit function, and progress achieved toward information system related activities. The special projects based bonus awards, also paid in installments, were made following reviews and determinations by the Compensation Committee that certain projects pertaining to corporate development, including among other things, activities related to Cavco’s Fleetwood Homes transaction, were satisfactorily completed. In making the performance related awards, the Compensation Committee specifically considered the degree of completion of objective goals and special projects, as well as the quality of the work performed. Mr. Stegmayer, who supervises Mr. Urness and monitors the progress he makes towards satisfying the performance goals, recommended to the Compensation Committee that the full performance bonus be paid. No profit based bonus was paid for fiscal year 2010. See the Summary Compensation Table on page 19.

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 at the fair market value on the date of the grant under the Cavco Industries, Inc. Stock Incentive Plan, as amended, and the Cavco Industries, Inc. 2005 Stock Incentive Plan, as amended.

On June 30, 2009, 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 granted to Mr. Stegmayer a non-qualified option to purchase up to 80,000 shares of common stock and to Mr. Urness a non-qualified option to purchase up to 20,000 shares of common stock, each grant subject to a five year pro-rata vesting schedule commencing on the second anniversary of the grant date. Among other reasons, the primary reasons for the Compensation Committee to make these stock option grants include the following: the date or dates of the most recent equity grants to the named executive officers, the estimated value of the equity grants to the named executive officers (using customary option modeling tools), the contribution of the named executive officers to the successful implementation of strategic goals of the Company, the retentive effect of the equity grants, and the dilutive effect of the equity grants. In determining the size of the awards made, the Compensation Committee did not utilize a set formula but made a grant that it deemed an appropriate level of estimated compensation for the Named Executive Officers based on the factors set forth above. See the Summary Compensation Table on page 19.

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 accepted 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

Mr. Stegmayer’s employment agreement, as amended on March 26, 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 2010, 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, as defined in the agreement, 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.

The table below reflects the amount of compensation that would have been payable to Mr. Stegmayer in the event of termination of his employment, per the terms of his employment agreement. The amounts shown assume that termination was effective as of March 31, 2010, and are estimates of the amounts that would have been paid to Mr. Stegmayer upon his termination. The actual amounts that would be payable can be determined only at the time of termination. We have not included below any accrued but unpaid salary or payment of accrued and vested benefits and unused vacation time, as those amounts would be paid in the event of termination of employment for any reason. Equity awards that are not subject to acceleration and the value of health benefits, which is nominal, are not included below.

Executive Benefits and Payments Upon Termination	Disability or Death	Termination without Cause prior to a Change in Control or Resignation by Executive due to Breach by Company	Termination without Cause within two years after a Change in Control	Voluntary Resignation after a Change in Control
Base Salary	$354,375	$354,375	$472,500	$472,500
Bonus	$360,045	$360,045	$480,060	$480,060
Total:	**$714,420**	**$714,420**	**$952,560**	**$952,560**

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 Cavco of any obligation or duty owed by Cavco to him; (iii) disability; or (iv) death. The restricted stock award agreements require that Mr. Urness must have been in continuous service with Cavco since the grant date in order to be eligible for such benefit.

The table below reflects the value of restricted stock vesting that would accelerate in the event of the termination of Mr. Urness's employment as described in the preceding paragraph. The value shown assumes that termination was effective as of March 31, 2010.

Number of Restricted Shares Vesting	Value of Restricted Shares Vesting (1)
840	$28,678

(1) Value is based on a share price of $34.14 on March 31, 2010.

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 included in the Proxy Statement for the 2010 Annual Meeting of Stockholders. Based on such review and discussions with management, the Compensation Committee recommended to the board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee of the Board of Directors
David A. Greenblatt, Chairperson
William C. Boor
Jack Hanna

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, 2010, 2009 and 2008, respectively.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Non-Equity Incentive	Stock Awards ($) (1)	Option Awards ($) (2)	All Other Compensation ($) (3)	Total ($)
Joseph H. Stegmayer, Chairman of the Board, President and Chief Executive Officer	**2010**	236,250	---	---	---	819,200	1,220	1,056,670
	2009	236,250	---	9,660	---	---	1,220	247,130
	2008	236,250	---	470,400	---	---	1,220	707,870
Daniel L. Urness, Vice President, Chief Financial Officer and Treasurer	**2010**	175,000	100,000	---	---	204,800	1,220	481,020
	2009	165,000	60,000	---	---	116,000	1,220	342,220
	2008	150,000	100,000	---	30,000	73,000	1,220	354,220

(1) Amounts in this column represent the aggregate grant date fair value computed in accordance with ASC 718. Grant date fair value is the closing price on date of grant for stock awards.

(2) Amounts in this column represent the aggregate grant date fair value computed in accordance with ASC 718. We describe the assumptions made in this valuation in Note 7 to the Consolidated Financial Statements in Cavco's Annual Report on Form 10-K for the fiscal year ended March 31, 2010.

(3) Amounts in this column represent short-term disability, long-term disability and life insurance premiums paid by Cavco.

GRANTS OF PLAN-BASED AWARDS

The following table sets forth certain information with respect to the options and stock granted during the fiscal year ended March 31, 2010 to each of our named executive officers listed in the Summary Compensation Table found on page 19.

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#) (1)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value (2)
Joseph H. Stegmayer	June 30, 2009	80,000	$25.33	$819,200
Daniel L. Urness	June 30, 2009	20,000	$25.33	$204,800

(1) These options vest ten percent on the second anniversary of the grant date, and thirty percent on each anniversary thereafter until fully vested.

(2) Amounts in this column represent the aggregate grant date fair value computed in accordance with ASC 718. Grant date fair value is the closing price on date of grant for option awards.

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, 2010.

Option Awards					Stock Awards	
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number Of Shares Or Units Of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($) (3)**
Joseph H. Stegmayer	345,580	---	11.55	12/12/10	---	---
	68,000	---	20.00	6/22/11	---	---
	65,500	---	27.55	5/17/12	---	---
	---	80,000 (1)	25.33	6/30/16	---	---
Daniel L. Urness	2,000	3,000	38.16	6/01/14	840 (2)	28,678
	2,000	8,000	32.00	7/10/15	---	---
	---	20,000 (1)	25.33	6/30/16	---	---

(1) These options vest ten percent on the second anniversary of the grant date, and thirty percent on each anniversary thereafter until fully vested.

(2) These shares vest as follows: 157 shares on June 1, 2010; 185 shares on August 9, 2010; 157 shares on June 1, 2011; 183 shares on August 9, 2011; 158 shares on June 1, 2012.

(3) The market value of the restricted shares to Mr. Urness is based on a share price of $34.14 on March 31, 2010.

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, 2010.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)(1)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired On Vesting (#)**	**Value Realized On Vesting ($)**
Joseph H. Stegmayer	32,000	815,011 (2)	---	---
Daniel L. Urness	---	---	342 (3)	9,317 (4)

(1) This column represents the maximum number of shares underlying options that were exercised by the Named Executive Officer during the fiscal year ended March 31, 2010.

(2) The value realized for the option awards is the difference between the market price of the underlying security at exercise and the exercise or base price of the option.

(3) Reflects the number of shares of restricted common stock that vested in fiscal year ended March 31, 2010.

(4) 157 shares of restricted common stock vested on June 1, 2009. The value realized on vesting of these 157 shares is based on the closing share price of $23.03 on June 1, 2009. 185 shares of restricted common stock vested on August 9, 2009. Because no sales of shares were reported on August 9, 2009, the value realized on vesting of these 185 shares is based on the closing share price of $30.82 on August 7, 2009, which is the last preceding date on which a sale of Cavco shares was reported.

PROPOSAL NO. 2: RE-APPROVAL OF PERFORMANCE GOALS UNDER THE CAVCO INDUSTRIES, INC. 2005 STOCK INCENTIVE PLAN, AS AMENDED

Section 162(m) of the Internal Revenue Code ("Section 162(m)") limits the tax deductibility of annual compensation paid to certain executive officers in excess of $1 million. Section 162(m) and the applicable regulations provide exemptions to the limitation on the deductibility of compensation, one of which is the "performance-based compensation" exception. The Cavco Industries, Inc. 2005 Stock Incentive Plan, as amended (the "Plan") permits Cavco to grant Performance Awards (which are Cash Awards, Restricted Stock Awards or Stock Unit Awards) that are intended to satisfy the "performance-based compensation" exception to Section 162(m). Performance Awards must be granted by the Compensation Committee and are payable only upon achieving one or more "Performance Goals" which must be based on one or more business criteria set forth in the Plan. The Section 162(m) regulations require that Cavco obtain shareholder approval of the specific business criteria upon which the Performance Goals are based every five years to rely on the "performance-based compensation" exception to Section 162(m) for the Performance Awards. To comply with the Section 162(m) regulations, the Board asks that the shareholders re-approve the specific business criteria upon which the Performance Goals are based as set forth in the Plan.

Material Terms of the Performance Goals. The Plan permits the grant of the following Awards as Performance Awards that are intended to qualify as "performance-based compensation" under Section 162(m): Cash Awards, Restricted Stock Awards and Stock Unit Awards. See Section 7 of the Plan for additional information on each of these Awards. The Plan is administered by the Compensation Committee of the Board of Directors of Cavco (the "Administrator").

The material terms of the performance goals for Performance Awards consist of (i) the employees eligible to receive Performance Awards; (ii) the performance criteria on which the performance goals for the Performance Awards are based; and (iii) the maximum payout of a Performance Award that can be paid to a participant pursuant to the Plan.

Eligibility. Awards may be granted under the Plan to certain officers, Directors, and key employees of Cavco and its Affiliates (as defined in the Plan) and individuals who have agreed to become employees of Cavco and its Affiliates and are expected to become such employees within the following six months.

Performance Goals. The Administrator, in its discretion, may designate any Award as a Performance Award that is intended to qualify for the "performance-based compensation" exception to Section 162(m). If the Administrator designates an Award as a Performance Award, the Administrator must establish the Performance Goal(s) for the Performance Award prior to the earlier to occur of ninety (90) days after the commencement of the period of service to which the Performance Goals relate and the lapse of twenty-five (25) percent of the period of service. The Performance Goal(s) may be based on one or more of the following business criteria:

- operating income;
- operating margin;
- earnings before interest, taxes, depreciation and amortization (EBITDA);
- pre-tax income;
- net income;
- net earnings per share;
- net earnings per share growth;
- return on beginning stockholders' equity;
- return on average net assets;
- total stockholder return relative to other companies in a relevant industry group;
- debt/capitalization ratio; and
- customer satisfaction.

The business criteria on which the Performance Goal(s) is based may apply to the individual receiving the Performance Award, to one or more business units of Cavco or to Cavco and its Affiliates as a whole. A Performance Goal that is based on the above-listed business criteria need not be based upon an increase or positive result under a particular business criterion but may include, for example, maintaining the status quo or limiting economic losses, as measured by reference to such criterion. The Administrator must certify that the Performance Goal(s) applicable to any Performance Award have been satisfied prior to the lapse of restrictions, vesting, or payment of the Performance Award.

Maximum Payout of Performance Awards. The following limitations shall apply to any Performance Awards made under the Plan:

(a) No individual may be awarded a Restricted Stock Award or Stock Unit Award on shares having a having a Fair Market Value on the Grant Date of the Award of more than $1,000,000 in any one-year period; and

(b) No individual may be awarded a Cash Award having a value of more than $1,000,000 in any one-year period.

Options. Options granted pursuant to the Plan are deemed to qualify for the "performance-based compensation" exception to Section 162(m) provided that the Options are granted by the Administrator at Fair Market Value and the number of shares does not exceed the limit set forth in the Plan.

The foregoing summary of the material terms of the performance goals is qualified in its entirety by reference to the Plan, a copy of which is attached as an annex to the electronic copy of the proxy statement filed with the SEC and may be accessed from the SEC's website at www.sec.gov.

Recommendation of the Board

The Board of Directors unanimously recommends a vote "FOR" the re-approval of the performance goals under the Cavco Industries, Inc. 2005 Stock Incentive Plan, as amended.

PROPOSAL NO. 3: 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 2010, and the Audit Committee has appointed Ernst & Young LLP as Cavco's independent registered public accounting firm for fiscal year 2011, 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 2011.

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 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 2010	Fiscal 2009
Audit Fees	$ 430,251	$ 432,020
Audit-Related Fees	125,656	---
Tax Fees	44,149	53,435
All Other Fees	1,995	1,500
Total	$ 602,051	$ 486,955

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 Consolidated Financial Statements included in Form

10-K, internal controls, and review of Consolidated 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 for 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 Consolidated Financial Statements, including accounting consultations, due diligence related to business combinations, internal control reviews, and attest services that are not required by statute or regulation;

- "Tax Fees" are the aggregate fees billed for 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 for each of the last two fiscal years for products and services provided by the principal accountant 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 2010 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 the filing requirements of Section 16(a) for fiscal year 2010 applicable to such persons, with the exception of a transaction by Mr. Stegmayer on December 31, 2009, which was misreported on Form 4 on December 31, 2009 and corrected by way of a Form 4/A on January 7, 2010.

Certain Relationships and Related Transactions

Transactions with Related Persons

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."

Review, Approval or Ratification of Transactions with Related Persons

Cavco has established policies and other procedures regarding approval of transactions between Cavco and any employee, officer, director, and certain of their family members and other related persons, including those required to be reported under Item 404 of Regulation S-K. These policies and procedures are generally not in writing, but are evidenced by long standing principles set forth in our code of conduct or adhered to by our board. As set forth in the Audit Committee Charter, as and to the extent required under applicable federal securities laws and related rules and regulations, and/or the NASDAQ Rules, related party transactions are to be reviewed and approved, if appropriate, by the Audit Committee. Generally speaking, we enter into such transactions only on terms that we believe are at least as favorable to Cavco as those that we could obtain from an unrelated third party.

Code of Conduct

Cavco has adopted a code of conduct that applies to Cavco directors and all 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. 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 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, 2010, including the Consolidated 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, (800) 790-9111.

Stockholder Proposals

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 January 24, 2011.

For any proposal that is not submitted for inclusion in Cavco's proxy material for the 2011 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 December 26, 2010 and no later than March 26, 2011, 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 2011 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 December 26, 2010 and no later than March 26, 2011, 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.

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