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**FOR IMMEDIATE RELEASE**

## **CAVCO INDUSTRIES REPORTS FISCAL SECOND QUARTER RESULTS**

**Net sales \$30 million**  
**Net income \$0.5 million**

**PHOENIX** - (October 23, 2008) – Cavco Industries, Inc. (NASDAQ: CVCO) today announced financial results for the second quarter and first six months of its fiscal year 2009 ended September 30, 2008.

Net sales for the second quarter of fiscal 2009 totaled \$30,030,000, down 22% from \$38,435,000 for the second quarter of fiscal year 2008.

Net income for the fiscal 2009 second quarter of \$518,000 was 73% below the \$1,909,000 reported in the same quarter one year ago. Net income per share based on basic and diluted weighted average shares outstanding was \$0.08, versus \$0.30 and \$0.29, respectively, last year.

For the first six months of fiscal 2009, net sales decreased 14% to \$65,539,000 from \$75,801,000 for the comparable prior year period, and net income declined 62% to \$1,371,000 from \$3,644,000 last year. For the first half of fiscal 2009, net income per share based on basic and diluted weighted average shares outstanding was \$0.21 and \$0.20, respectively, versus \$0.57 and \$0.55, respectively for the prior year period.

“The continued deterioration in housing and the accelerated decline in the financial markets had a heavy impact on the Company’s performance in the second quarter. That we remained profitable for the quarter demonstrates the strength of our distribution base, broad product offering and the quality and service we provide,” said Joseph Stegmayer, Chairman, President and Chief Executive Officer.

“Industry projections indicate that manufactured home shipments may decline by 10% or more in calendar year 2008 compared to 2007’s level, which was a 46-year historic low. Recently, shipments in our largest markets are down even more than these projections. However, given the strength of our debt-free balance sheet and our focus on doing the right things to position the Company well for the challenging near-term and the more promising years ahead, we remain confident that we will weather these turbulent times and emerge prepared to prosper as economic conditions improve.”

Cavco’s senior management will hold a conference call to review these results tomorrow, October 24, 2008, at 12:00 noon (Eastern Time). Interested parties can access a live webcast of the conference call on the Internet at [www.cavco.com](http://www.cavco.com) under the Investor Relations link, or the web site [www.opencompany.info](http://www.opencompany.info). An archive of the webcast and presentation will be available for 90 days at these website addresses.

Cavco Industries, Inc., headquartered in Phoenix, is the largest producer of manufactured homes in Arizona, based on wholesale shipments. The Company is also a leading producer of park model homes and vacation cabins in the United States.

*Certain statements contained in this release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities and Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. In general, all statements that are not historical in nature are forward-looking. Forward-looking statements are typically included, for example, in discussions regarding the manufactured housing and site-built housing industries; our financial performance and operating results; and the expected effect of certain risks and uncertainties on our business, financial condition and results of operations. All forward-looking statements are subject to risks and uncertainties, many of which are beyond our control. As a result, our actual results or performance may differ materially from anticipated results or performance. Factors that could cause such differences to occur include, but are not limited to: adverse industry conditions; general economic conditions; a write-off of all or part of our goodwill, which could adversely affect operating results and net worth; the cyclical and seasonal nature of our business; limitations on our ability to raise capital; curtailment of available financing in the manufactured housing industry; our contingent repurchase obligations related to wholesale financing; competition; our ability to maintain relationships with retailers; labor shortages; pricing and availability of raw materials and unfavorable zoning ordinances; together with all of the other risks described in our filings with the Securities and Exchange Commission. Readers are specifically referred to the Risk Factors described in Item 1A of the 2008 Form 10-K, as may be amended from time to time, which identify important risks that could cause actual results to differ from those contained in the forward-looking statements. Cavco expressly disclaims any obligation to update any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise. Investors should not place any reliance on any such forward-looking statements.*

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**CAVCO INDUSTRIES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands)

	<u>September 30,</u> 2008 (Unaudited)	<u>March 31,</u> 2008
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 75,701	\$ 73,610
Restricted cash	151	330
Accounts receivable	7,812	10,093
Inventories	12,489	11,293
Prepaid expenses and other current assets	1,761	1,839
Deferred income taxes	3,778	4,033
Total current assets	<u>101,692</u>	<u>101,198</u>
Property, plant and equipment, at cost:		
Land	6,580	6,050
Buildings and improvements	7,379	7,290
Machinery and equipment	8,114	7,979
	<u>22,073</u>	<u>21,319</u>
Accumulated depreciation	(8,991)	(8,613)
	<u>13,082</u>	<u>12,706</u>
Goodwill	<u>67,346</u>	<u>67,346</u>
Total assets	<u>\$ 182,120</u>	<u>\$ 181,250</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 1,834	\$ 2,147
Accrued liabilities	16,227	18,005
Total current liabilities	<u>18,061</u>	<u>20,152</u>
Deferred income taxes	15,642	14,747
Commitments and contingencies		
Stockholders' equity		
Preferred Stock, \$.01 par value; 1,000,000 shares authorized; No shares issued or outstanding	-	-
Common Stock, \$.01 par value; 20,000,000 shares authorized; Outstanding 6,496,460 and 6,452,415 shares, respectively	65	65
Additional paid-in capital	125,509	124,814
Retained earnings	22,843	21,472
Total stockholders' equity	<u>148,417</u>	<u>146,351</u>
Total liabilities and stockholders' equity	<u>\$ 182,120</u>	<u>\$ 181,250</u>

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**CAVCO INDUSTRIES, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Dollars in thousands, except per share amounts)  
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2008	2007	2008	2007
Net sales	\$ 30,030	\$ 38,435	\$ 65,539	\$ 75,801
Cost of sales	<u>26,329</u>	<u>32,887</u>	<u>57,650</u>	<u>64,813</u>
Gross profit	3,701	5,548	7,889	10,988
Selling, general and administrative expenses	<u>3,145</u>	<u>3,555</u>	<u>6,246</u>	<u>7,129</u>
Income from operations	556	1,993	1,643	3,859
Interest income	<u>285</u>	<u>718</u>	<u>579</u>	<u>1,389</u>
Income before income taxes	841	2,711	2,222	5,248
Income tax expense	<u>323</u>	<u>802</u>	<u>851</u>	<u>1,604</u>
Net income	<u>\$ 518</u>	<u>\$ 1,909</u>	<u>\$ 1,371</u>	<u>\$ 3,644</u>
Net income per share:				
Basic	<u>\$ 0.08</u>	<u>\$ 0.30</u>	<u>\$ 0.21</u>	<u>\$ 0.57</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.29</u>	<u>\$ 0.20</u>	<u>\$ 0.55</u>
Weighted average shares outstanding:				
Basic	<u>6,484,362</u>	<u>6,423,387</u>	<u>6,472,677</u>	<u>6,411,961</u>
Diluted	<u>6,705,005</u>	<u>6,660,242</u>	<u>6,695,902</u>	<u>6,656,135</u>

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**CAVCO INDUSTRIES, INC.**  
**OTHER OPERATING DATA – CONTINUING OPERATIONS**  
(Dollars in thousands, except average sales price amounts)  
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2008	2007	2008	2007
Net sales				
Manufacturing	\$ 29,888	\$ 35,130	\$ 63,971	\$ 71,368
Retail	1,808	4,414	4,324	7,024
Less: Intercompany	(1,666)	(1,109)	(2,756)	(2,591)
Net sales	<u>\$ 30,030</u>	<u>\$ 38,435</u>	<u>\$ 65,539</u>	<u>\$ 75,801</u>
Floor shipments - manufacturing	<u>1,168</u>	<u>1,317</u>	<u>2,457</u>	<u>2,656</u>
Average sales price per floor - manufacturing	<u>\$ 25,589</u>	<u>\$ 26,674</u>	<u>\$ 26,036</u>	<u>\$ 26,870</u>
Home shipments - manufacturing	<u>751</u>	<u>823</u>	<u>1,606</u>	<u>1,679</u>
Average sales price per home - manufacturing	<u>\$ 39,798</u>	<u>\$ 42,685</u>	<u>\$ 39,833</u>	<u>\$ 42,506</u>
Home shipments - retail	<u>37</u>	<u>67</u>	<u>60</u>	<u>96</u>
Capital expenditures	<u>\$ 742</u>	<u>\$ 225</u>	<u>\$ 817</u>	<u>\$ 501</u>
Depreciation	<u>\$ 198</u>	<u>\$ 197</u>	<u>\$ 425</u>	<u>\$ 387</u>

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