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PALM HARBOR HOMES NAMED EPA'S 2007 ENERGY STAR® *PARTNER OF THE YEAR*

DALLAS (March 5, 2007) — Palm Harbor Homes, Inc. (NASDAQ: PHHM) today announced that the Company has been named by the U.S. Environmental Protection Agency (EPA) as a 2007 ENERGY STAR *Partner of the Year* for its outstanding contribution to reducing greenhouse gas emissions by building energy-efficient homes. The Company's accomplishments will be recognized at an awards ceremony in Washington, D.C., on March 21, 2007.

An ENERGY STAR partner since 1997, Palm Harbor is being honored for building homes that meet EPA's strict guidelines for energy-efficiency. In January 2006, the Company was awarded the "Gold Energy Value Housing Award" from the National Association of Home Builders. ENERGY STAR qualified new homes use substantially less energy for heating, cooling and water heating – homeowners can expect to save about \$200-\$400 annually on their utility bills. More than 500,000 families now live in ENERGY STAR qualified homes.

"We know that building energy efficient homes is a win for consumers and the environment," said Larry Keener, Chairman and CEO. "Our homes offer comfort and reliability, all while saving our customers money and protecting the environment. Our partnership with ENERGY STAR is an important part of our value proposition to our customers."

The 2007 Partner of the Year Awards are given to a variety of organizations to recognize their contribution to the creation of energy-efficient homes. Homes that have earned the ENERGY STAR benefit the environment by providing homeowners with quiet and comfortable homes that save money on utility bills. Winners are selected from over 9,000 organizations that participate in the ENERGY STAR program.

Last year alone, Americans with the help of ENERGY STAR, saved \$14 billion on their energy bills and reduced greenhouse gas emissions equivalent to those of more than 25 million vehicles.

"Partners like Palm Harbor Homes are building a new generation of homes that reduce our impact on the environment," said Bill Wehrum, acting assistant administrator for EPA's Office of Air and Radiation. "Each ENERGY STAR qualified new home prevents 4,500 pounds of greenhouse gas emissions each year, while giving homeowners greater comfort and lower energy bills."

About ENERGY STAR

ENERGY STAR was introduced by the U.S. Environmental Protection Agency in 1992 as a voluntary market-based partnership to reduce greenhouse gas emissions through increased energy efficiency. Today, ENERGY STAR offers businesses and consumers energy-efficient solutions to save energy, money and help protect the environment for future generations. More than 9,000 organizations are ENERGY STAR partners committed to improving the energy efficiency of products, homes and businesses. For more information about ENERGY STAR, visit www.energystar.gov or call toll-free 1-888-STAR-YES (1-888-782-7937).

About Palm Harbor Homes

Palm Harbor Homes is one of the nation's leading manufacturers and marketers of factory-built homes. The Company markets nationwide through vertically integrated operations, encompassing manufacturing, marketing, financing and insurance. For more information on the Company, please visit www.palmharbor.com.

This press release contains projections and other forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. These projections and statements reflect the Company's current views with respect to future events and financial performance. No assurance can be given, however, that these events will occur or that these projections will be achieved and actual results could differ materially from those projected as a result of certain factors. A discussion of these factors is included in the Company's periodic reports filed with the Securities and Exchange Commission.

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