

CHAMPION ENTERPRISES INC

Form 11-K

June 13, 2008

**Table of Contents**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 11-K**

**(Mark One)**

**ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the fiscal year ended December 31, 2007**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File number 1-9751  
CHAMPION ENTERPRISES, INC.  
SAVINGS PLAN**

**(Full title of the plan)**

**CHAMPION ENTERPRISES, INC.  
755 West Big Beaver Rd., Suite 1000  
Troy, Michigan 48084**

**(Name of issuer of the securities held pursuant to the plan  
and the address of its principal executive office)**

**TABLE OF CONTENTS**

SIGNATURES

Index to Exhibits

Consent of Independent Registered Public Accounting Firm

---

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Employee Benefits Administration Committee have duly caused this annual report to be signed by the undersigned hereunto duly authorized.

CHAMPION ENTERPRISES, INC. SAVINGS  
PLAN

/s/ RICHARD P. HEVELHORST  
Richard P. Hevelhorst  
Member, Employee Benefits  
Administration Committee

Date: June 13, 2008

---

**Table of Contents**

**Champion Enterprises, Inc. Savings Plan  
Index to Financial Statements and Schedule  
December 31, 2007 and 2006**

	Page Number
<b>Financial Statements</b>	
Report of Independent Auditors	2
Statements of Net Assets Available for Benefits as of December 31, 2007 and 2006	3
Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2007	4
Notes to Financial Statements	5 - 9
<b>Schedule*</b>	
Schedule I Schedule of Assets Held at End of Year as of December 31, 2007 Form 5500, Schedule H, Part IV, line 4i	10

\* Other schedules required by 29 CFR 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended, have been omitted because they are not applicable.

---

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

To the Employee Benefits Administration Committee  
Champion Enterprises, Inc. Savings Plan

We have audited the accompanying statement of net assets available for benefits of Champion Enterprises, Inc. Savings Plan (the Plan ) as of December 31, 2007 and 2006 and the related statement of changes in net assets available for benefits for the year ended December 31, 2007. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007 and 2006 and the changes in net assets available for benefits for the year ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of assets held at end of year is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Plante & Moran, PLLC

Auburn Hills, Michigan

June 13, 2008

**Table of Contents****Champion Enterprises, Inc. Savings Plan  
Statement of Net Assets Available for Benefits**

	December 31, 2007	December 31, 2006
	(In thousands)	
Assets:		
Participant-directed investments, at fair value		
Champion Enterprises, Inc. Common Stock	\$ 5,738	\$ 6,791
Fidelity Magellan Fund	19,568	19,589
Fidelity Managed Income Portfolio	14,738	15,532
Fidelity Contrafund	14,621	13,496
Fidelity Retirement Government Money Market Portfolio	12,374	11,578
Fidelity Equity-Income Fund	12,091	13,355
Fidelity Capital Appreciation Fund	8,937	8,710
Fidelity Intermediate Bond Fund	6,573	6,978
Fidelity Diversified International Fund	5,471	5,257
Fidelity Puritan Fund	4,729	5,336
Fidelity Low-Priced Stock Fund	3,966	4,603
Fidelity Freedom 2020 Fund	3,233	1,842
Julius Baer International Equity I	3,199	1,972
Fidelity Freedom 2010 Fund	2,214	895
Fidelity Freedom 2030 Fund	1,933	976
Fidelity Asset Manager	1,839	1,834
Fidelity Freedom 2040 Fund	1,221	890
American Beacon Small Cap Value Plan	621	645
Fidelity Aggressive Growth Fund	485	359
Managers Special Equity Fund	338	385
Fidelity Freedom Income Fund	160	145
Fidelity Freedom 2000 Fund	44	36
Calamos Growth A Fund		942
Fidelity Freedom 2005 Fund		89
Fidelity Freedom 2015 Fund		938
Fidelity Freedom 2025 Fund		325
Fidelity Freedom 2035 Fund		721
Other	1	1
Loans to participants	4,551	4,885
Total investments, at fair value	128,645	129,105
Receivables:		
Participants' contributions		120
Employer's contributions		50
Proceeds from unsettled trade	4	33
Total receivables	4	203
Total assets	128,649	129,308
Liabilities:		

Edgar Filing: CHAMPION ENTERPRISES INC - Form 11-K

Amounts to be refunded to participants (Note 3)	134	232
Net assets available for benefits, at fair value	128,515	129,076
Adjustment from fair value to contract value for fully-benefit responsive investment contracts (Note 1)	160	156
Net assets available for benefits	\$ 128,675	\$ 129,232

The accompanying notes are an integral part of these financial statements

3

---



**Table of Contents****Champion Enterprises, Inc. Savings Plan  
Statement of Changes in Net Assets Available for Benefits**

	For the Year Ended December 31, 2007 (In thousands)
Additions:	
Additions to net assets attributed to:	
Contributions:	
Participants	\$ 6,690
Employer's	2,782
Rollovers	1,627
 Total contributions	 11,099
 Transfers from merged plan	 653
Investment income:	
Dividends and interest	10,612
Net appreciation in fair value of investments:	
Champion Enterprises, Inc. common stock	265
Mutual funds	648
Net appreciation in fair value of investments:	913
Net investment income	11,525
Total additions	23,277
 Deductions:	
Deductions from net assets attributed to:	
Benefits paid to participants	23,634
Amounts to be refunded to participants (Note 3)	134
Administrative and other expenses	66
Total deductions	23,834
 Net decrease	 (557)
Net assets available for benefits:	
Beginning of year	129,232
 End of year	 \$ 128,675

The accompanying notes are an integral part of these financial statements

4

---

**Table of Contents**

**Champion Enterprises, Inc. Savings Plan  
Notes to Financial Statements  
December 31, 2007 and 2006**

**Note 1 Significant Accounting Policies**

The accompanying financial statements of the Champion Enterprises, Inc. Savings Plan (the Plan ) have been prepared on the accrual basis of accounting. Investment transactions are recorded at cost on the trade date basis. Income is recorded as earned. Expenses are recorded when incurred. Benefit payments are recorded when paid. Participants contributions are recorded in the period during which the amounts are withheld from participants earnings. Employer s contributions are recorded in the same period as the related participants contributions.

The Plan s investments, other than loans to participants, are stated at fair value, except for its stable value common collective trust fund investment (Fidelity Managed Income Portfolio Fund), which is stated at contract value. Contract value represents investments at cost plus accrued interest income less amounts withdrawn to pay benefits. The fair value of the stable value common collective trust fund is based on discounting the related cash flows of the underlying guaranteed investment contracts based on current yields of similar instruments with comparable durations. The fair value of the remaining common collective trust funds is based on the quoted market values of the underlying investments.

Fair values are determined by Fidelity Management Trust Company, the trustee of the Plan (the Trustee ), and are based on quoted market prices. Loans to participants are stated at their outstanding balances, which approximates fair value. Net appreciation or depreciation in the fair value of investments as presented in the Statement of Changes in Net Assets Available for Benefits represents the net amount of realized gains or losses and unrealized appreciation or depreciation on those investments.

The Financial Accounting Standards Board Staff Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans, requires the Statement of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

The Plan provides for various investment options in mutual funds and other types of investments. The Plan s investments are exposed to various risks, including interest rate, inflation, national and international economies, market and credit risks. These risks could result, in the near term, in material changes to the values of the Plan s investments and participants account balances.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities during the reporting period. Actual results could differ from those estimates.

**Table of Contents**

**Champion Enterprises, Inc. Savings Plan**

**Notes to Financial Statements**

**December 31, 2007 and 2006**

**Note 2 Plan Description**

The following description of the Plan provides only general information. Participants should refer to the Plan document for a complete description of the Plan's provisions.

The Plan is a defined contribution plan that was initially approved by the shareholders of Champion Enterprises, Inc. (the Company or Plan Sponsor) on July 11, 1984 and became effective as of February 26, 1983. The Plan is administered by the Employee Benefits Administration Committee (the Committee), whose members are appointed by the Board of Directors of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

All non-union hourly and salaried employees of the Company and its participating U.S. subsidiaries are eligible to participate in the Plan at the beginning of the month following the completion of three months of service. Union employees are eligible to participate in the Plan at the beginning of the month following the completion of one year of service.

Participating employees may make contributions on a deferred salary arrangement (pretax contributions), under Section 401(k) of the Internal Revenue Code (the IRC), in an amount ranging from 1% to 17% of compensation. However, the IRC places annual limits on employee contributions to the Plan; the 2007 limit was \$15,500 per participant. Participants may also make rollover contributions from conduit Individual Retirement Accounts or other tax-qualified retirement plans. Additionally, participants age 50 or older may make annual pretax catch-up contributions up to the annual limit established by the IRC; the 2007 limit was \$5,000 per qualifying employee. The Company and its participating subsidiaries make matching contributions that currently are equal to 50% of participant contributions, up to the first 6% of compensation contributed, and are invested in the funds selected by the participants. Rollover contributions and catch-up contributions are not subject to matching contributions.

All participant contributions and earnings thereon are 100% vested and nonforfeitable. All matching contributions plus earnings thereon are 100% vested and nonforfeitable once the participant has completed one year of service. Participants may change or discontinue the amount of their contributions at various times throughout the year as specified in the Plan document. Participants may change their investment selections at any time.

Under the terms of the Plan, a participant may borrow up to 50% of his or her account balance with loan amounts and maturities ranging from \$1,000 to \$50,000 and six months to five years, respectively. Loans are generally repaid through periodic payroll withholdings, are secured by the participant's account balance and bear interest at rates based on the general prime rate plus 2% as of the first business day of the month in which the participant applies for the loan. If a participant fails to make a scheduled repayment, the loan will be considered in default after a

**Table of Contents**

**Champion Enterprises, Inc. Savings Plan**

**Notes to Financial Statements**

**December 31, 2007 and 2006**

**Note 2 Plan Description, continued**

certain period of time as specified in the Plan document and the participant will be deemed to have received a taxable distribution from the Plan.

While employed by the Company, participants may withdraw all or a portion of their savings from the Plan upon attaining age 59 1/2. Prior to age 59 1/2, participants may withdraw pretax contributions under certain circumstances, such as financial hardship, subject to limitations set by the IRC and as specified in the Plan document.

Upon termination of employment, whether due to retirement, death, disability or any other cause, participants or beneficiaries may have their accounts distributed. Participants with account balances in excess of \$5,000 may defer the distribution of their accounts until age 65.

Expenses of administering the Plan, including the expenses of the Committee and the fees and expenses of the Trustee, are generally borne by the Company (see Note 4). However, brokerage and loan fees, transfer or other taxes, and certain other administrative expenses are charged against the respective fund and participant accounts and are included in the Statement of Changes in Net Assets Available for Benefits as administrative and other expenses.

**Note 3 Amounts to Be Refunded to Participants**

Amounts to be refunded to participants of \$134,000 and \$232,000 as of December 31, 2007 and 2006, respectively, represent contributions made to the Plan during 2007 and 2006, respectively, that were in excess of limits established by the IRC, and include investment gains or losses thereon. These amounts were refunded to the affected participants as 2007 and 2006 taxable distributions in February 2008 and March 2007, respectively. In addition, approximately \$80,000 of 2007 employer matching contributions related to participants' contributions that were in excess of IRC limits, including gains or losses thereon, were forfeited from the participants' accounts in 2008 but remain in the Plan to reduce future employer matching contributions.

**Note 4 Party-in-Interest Transactions**

Various administrative expenses of the Plan are borne by the Plan Sponsor. Such amounts were not material for the year ended December 31, 2007. In addition, the Plan invests in funds managed by affiliates of the Trustee and allows for investment in shares of the Company's common stock. These transactions with the Trustee of the Plan and the Plan Sponsor qualify as party-in-interest transactions.

**Note 5 Tax Status of the Plan**

The Internal Revenue Service has determined and informed the Company, most recently, by letter dated October 1, 2001, that the Plan is designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the Plan

**Table of Contents**

**Champion Enterprises, Inc. Savings Plan**

**Notes to Financial Statements**

**December 31, 2007 and 2006**

**Note 5 Tax Status of the Plan, continued**

Sponsor believes that the Plan is designed and operated in compliance with the applicable requirements of the IRC. The Plan is not subject to income tax under present federal tax law. Participants are not taxed, either on Company contributions to the Plan or on the earnings thereon, including appreciation, allocated to their accounts until actual distribution of such accounts. At that time, the participant is generally taxed on the total amount of the distribution.

**Note 6 Plan Termination**

Although the Company has not expressed any intent to do so, the Plan may be terminated, in whole or in part, at any time, but only upon the condition that such action precludes any part of the assets of the Plan from being used for or diverted to purposes other than for the exclusive benefit of the participants and their beneficiaries and for the payment of expenses of the Plan. Upon termination or partial termination of the Plan or upon the complete discontinuance of contributions under the Plan, employer matching contributions shall become 100% vested and the assets of the Plan shall be distributed to the participants and their beneficiaries at such time and in such nondiscriminatory manner as determined by the Committee.

**Note 7 Merger and Rollovers**

During April 2007, the 401(k) plan of Highland Manufacturing Company, a wholly-owned subsidiary of the Company that was acquired by the Company during 2006, was merged into the Plan, resulting in the addition of investments totaling \$653,000.

During March and April of 2007, the Plan received rollovers of investments and loans totaling approximately \$1.3 million from participants in the 401(k) plan of North American Housing Corp., a company whose assets and business were acquired by the Company during 2006.

**Note 8 Reconciliation to Form 5500**

The net assets available for plan benefits at December 31, 2007 and 2006, and the change in net assets available for plan benefits for the year ended December 31, 2007, reported on the financial statements differ from the amounts reported on the Form 5500 due to a stable value common collective trust fund being recorded at contract value on the financial statements and at fair value on the Form 5500. The net assets on the financial statements were higher than the amount reported on Form 5500 at December 31, 2007 and 2006, by \$160,000 and \$156,000, respectively. Additionally, the investment income on the financial statements for the year ended December 31, 2007 is higher than the amount reported on Form 5500 by \$4,000, which is the change in the difference between contract value and fair value for this fund during the year ended December 31, 2007.

**Table of Contents**

**Champion Enterprises, Inc. Savings Plan**

**Notes to Financial Statements**

**December 31, 2007 and 2006**

**Note 9 New Accounting Pronouncement**

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements ( SFAS 157 ). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting standards and expands disclosures about fair value measurements. The provisions of SFAS 157 are effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact, if any, of the provisions of SFAS 157 on the Plan s financial statements.

**Table of Contents**

**Champion Enterprises, Inc. Savings Plan**  
**Schedule I-Schedule of Assets Held at End of Year**  
**Form 5500, Schedule H, Part IV, line 4i**  
**December 31, 2007**

Party-in- interest	Identity of issue, borrower, lessor or similar party	Description of investment	Cost	Current value (in thousands)
*	Fidelity Investments	Fidelity Magellan Fund	**	\$ 19,568
*	Fidelity Investments	Fidelity Managed Income Portfolio	**	14,738
*	Fidelity Investments	Fidelity Contrafund	**	14,621
*	Fidelity Investments	Fidelity Retirement Government Money Market Portfolio	**	12,374
*	Fidelity Investments	Fidelity Equity-Income Fund	**	12,091
*	Fidelity Investments	Fidelity Capital Appreciation Fund	**	8,937
*	Fidelity Investments	Fidelity Intermediate Bond Fund	**	6,573
*	Champion Enterprises, Inc.	Champion Enterprises, Inc. Common Stock	**	5,738
*	Fidelity Investments	Fidelity Diversified International Fund	**	5,471
*	Fidelity Investments	Fidelity Puritan Fund	**	4,729
	Plan participants	Loans to participants, interest rates ranging from 4.50% to 11.50%		4,551
*	Fidelity Investments	Fidelity Low-Priced Stock Fund	**	3,966
*	Fidelity Investments	Fidelity Freedom 2020 Fund	**	3,233
	Julius Baer	Julius Baer International Equity I	**	3,199
*	Fidelity Investments	Fidelity Freedom 2010 Fund	**	2,214
*	Fidelity Investments	Fidelity Freedom 2030 Fund	**	1,933
*	Fidelity Investments	Fidelity Asset Manager	**	1,839
*	Fidelity Investments	Fidelity Freedom 2040 Fund	**	1,221
	American Beacon	American Beacon Small Cap Value Plan	**	621
*	Fidelity Investments	Fidelity Aggressive Growth Fund	**	485
	Managers Investment Group	Managers Special Equity Fund	**	338
*	Fidelity Investments	Fidelity Freedom Income Fund	**	160
*	Fidelity Investments	Fidelity Freedom 2000 Fund	**	44
		Other	**	1
		Total investments		\$ 128,645

\* Party is  
considered to be  
a  
party-in-interest  
to the Plan.

\*\* Cost  
information not  
required.





**Table of Contents**

Index to Exhibits

Exhibit No.	Description
23.1	Consent of Independent Registered Public Accounting Firm