

CHAMPION ENTERPRISES INC

Form 11-K

June 28, 2004

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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, 2003

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.

**2701 Cambridge Court, Suite 300
Auburn Hills, Michigan 48326**

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

The following financial statements and exhibits are filed as part of this annual report:

Financial Statements	Page
<u>Report of Independent Registered Public Accounting Firm</u>	4
<u>Statements of Net Assets Available for Benefits as of December 31, 2003 and 2002</u>	5
<u>Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2003</u>	6
<u>Notes to Financial Statements</u>	7-11
<u>Consent of PricewaterhouseCoopers LLP</u>	
Schedule*	Schedule

Schedule of Assets Held for Investment Purposes as of December 31, 2003 - Form 5500.
Schedule H, Part IV, line 4j

A

Exhibit

Exhibit No.

Consent of PricewaterhouseCoopers LLP

23.1

* 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.

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SIGNATURE

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

Date: June 28, 2004

By: /s/ Richard P. Hevelhorst

Richard P. Hevelhorst
Member, Employee Benefits
Administration Committee

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
Champion Enterprises, Inc. Savings Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of Champion Enterprises, Inc. Savings Plan (the Plan) at December 31, 2003 and December 31, 2002, and the changes in net assets available for benefits for the year ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes 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. This 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/ PricewaterhouseCoopers LLP

Detroit, Michigan
May 28, 2004

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Champion Enterprises, Inc. Savings Plan
Statements of Net Assets Available for Benefits
(In thousands)

	December 31, 2003	December 31, 2002
	<hr/>	<hr/>
<i>Assets</i>		
Non-interest-bearing cash	\$	\$ 11
Interest-bearing cash		56
Participant-directed investments		
Champion Enterprises, Inc. Common Stock	5,737*	3,717
Fidelity Magellan Fund	18,276*	15,181*
Fidelity Retirement Government Money Market Portfolio	13,207*	13,864*
Fidelity Managed Income Portfolio	11,808*	10,866*
Fidelity Contrafund	10,300*	8,150*
Fidelity Equity-Income Fund	8,044*	6,532*
Fidelity Intermediate Bond Fund	7,424*	7,931*
Fidelity Capital Appreciation Fund	5,656*	3,594
Fidelity Low-Priced Stock Fund	3,267	2,065
Fidelity Diversified International Fund	2,098	1,361
Fidelity Asset Manager	1,777	1,594
Fidelity Puritan Fund	1,710	1,187
Fidelity Aggressive Growth Fund	500	381
Fidelity Freedom 2010 Fund	407	220
Fidelity Freedom 2020 Fund	365	222
Fidelity Freedom 2030 Fund	235	125
Fidelity Freedom 2040 Fund	162	55
Fidelity Freedom Income Fund	84	73
Fidelity Freedom 2000 Fund	50	160
Loans to participants	3,415	3,938
	<hr/>	<hr/>
Total investments	94,522	81,216
Receivables		
Participants' contributions	21	7
Employer's contributions	9	4
Loan repayments and interest	11	
Other		
	<hr/>	<hr/>
Total receivables	41	11
	<hr/>	<hr/>
Total assets	94,563	81,294
	<hr/>	<hr/>

Liabilities

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Amounts to be refunded to participants (Note 3)	108	152
Other liabilities	<u> </u>	<u> </u>
Total liabilities	<u>108</u>	<u>167</u>
Net assets available for benefits	<u>\$ 94,455</u>	<u>\$ 81,127</u>

* Investment balance represents 5% or more of the Plan's net assets available for benefits.

The accompanying notes are an integral part of these financial statements.

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Champion Enterprises, Inc. Savings Plan
Statement of Changes in Net Assets Available for Benefits
(In thousands)

	For the Year Ended December 31, 2003
	<hr/>
<i>Additions</i>	
Additions to net assets attributed to:	
Contributions	
Participants	\$ 6,878
Employer s	2,857
Rollover	85
	<hr/>
Total contributions	9,820
Investment income	
Interest and dividends	1,895
Net appreciation in fair value of investments	
Champion Enterprises, Inc. Common Stock	5,346
Mutual funds	11,377
	<hr/>
	16,723
	<hr/>
Net investment income	18,618
	<hr/>
Total additions	28,438
	<hr/>
<i>Deductions</i>	
Deductions from net assets attributed to:	
Benefits paid to participants	15,199
Amounts to be refunded to participants (Note 3)	108
Administrative and other expenses	162
	<hr/>
Total deductions	15,469
	<hr/>
Net increase	12,969
Transfers from subsidiaries savings plans (Note 4)	359
Net assets available for benefits:	
Beginning of year	81,127

End of year

\$94,455

The accompanying notes are an integral part of these financial statements.

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**Champion Enterprises, Inc. Savings Plan
Notes to Financial Statements
December 31, 2003 and 2002**

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. 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.

Investments, other than loans to participants, are stated at fair value as 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 cost. 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 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.

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).

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**Champion Enterprises, Inc. Savings Plan
Notes to Financial Statements
December 31, 2003 and 2002**

Note 2 Plan Description, continued

In general, all hourly and salaried employees of the Company and its participating subsidiaries 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 2003 limit was \$12,000 per participant. Participants may also make rollover contributions from conduit Individual Retirement Accounts or other tax-qualified retirement plans. Effective January 1, 2002, as a result of a Plan amendment to adopt certain provisions of The Economic Growth and Tax Relief Reconciliation Act of 2001, participants age 50 or older may make annual pretax catch-up contributions up to the annual limit established by the IRC; the 2003 limit was \$2,000 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 matching and participant contributions plus earnings thereon are 100% vested and nonforfeitable. Participants may change or discontinue the amount of their contributions at various times throughout the year as specified in the Plan document.

Participants have the opportunity to change their investment selections at any time. Investment options available during the current Plan year consisted of the following funds: Champion Enterprises, Inc. Common Stock; Fidelity Aggressive Growth Fund; Fidelity Asset Manager; Fidelity Capital Appreciation Fund; Fidelity Contrafund; Fidelity Diversified International Fund; Fidelity Equity-Income Fund; six Fidelity Freedom Funds; Fidelity Intermediate Bond Fund; Fidelity Low-Priced Stock Fund; Fidelity Magellan Fund; Fidelity Managed Income Portfolio; Fidelity Puritan Fund and Fidelity Retirement Government Money Market Portfolio.

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 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.

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**Champion Enterprises, Inc. Savings Plan
Notes to Financial Statements
December 31, 2003 and 2002**

Note 2 Plan Description, continued

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 5). 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 represent contributions made to the Plan during 2003 and 2002 that were in excess of limits established by the IRC. These amounts, plus or minus earnings or losses thereon, were refunded to the affected participants as 2003 and 2002 taxable distributions in February 2004 and March 2003, respectively. In addition, approximately \$63,000 and \$94,000 of 2003 and 2002 employer contributions, respectively, that were in excess of IRC limits, plus or minus earnings or losses thereon, were forfeited from the participants' accounts but remain in the Plan to reduce future employer matching contributions.

Note 4 Transfers from Subsidiaries Savings Plans

In November 2002, the Committee offered to participants of the A-1 Homes Group, Inc. 401(k) Profit Sharing Plan (the A-1 Homes Plan), a frozen, qualified savings plan of one of the Company's wholly owned subsidiaries, the opportunity to transfer their account balances into the Plan. A-1 Homes Plan participants with account balances totaling \$122,000 elected to transfer their accounts to the Plan during 2003. The Committee did not establish a deadline for such transfers to be made; therefore, additional assets may be transferred into the Plan from the A-1 Homes Plan in future years. In January 2004, participants with account balances totaling \$434,000 elected to transfer their accounts to the Plan.

Effective March 3, 2003, the Plan was amended to merge the Southern Showcase Housing, Inc. 401(k) Retirement Plan (the Southern Showcase Plan), a qualified savings plan of one of the Company's wholly owned subsidiaries, into the Plan. Assets of the Southern Showcase Plan, valued at \$237,000 were transferred into the Plan in March 2003.

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**Champion Enterprises, Inc. Savings Plan
Notes to Financial Statements
December 31, 2003 and 2002**

Note 5 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, 2003. 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 6 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 Sponsor believes that the Plan is designed and currently is being 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 7 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, the assets of the Plan shall be distributed to the participants and their beneficiaries at such time and in such nondiscriminatory manner as is determined by the Committee.

Table of Contents**Champion Enterprises, Inc. Savings Plan
Notes to Financial Statements
December 31, 2003 and 2002****Note 8 Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits and benefits paid to participants per the financial statements to Form 5500:

(In thousands)	December 31, 2003	December 31, 2002
Net assets available for benefits per the financial statements	\$ 94,455	\$ 81,127
Amounts allocated to withdrawing participants	(2)	—
Net assets available for benefits per the Form 5500	<u>\$ 94,453</u>	<u>\$ 81,127</u>
		<u>2003</u>
Benefits paid to participants per the financial statements		\$ 15,199
Add: Amounts allocated to withdrawing participants at December 31, 2003		2
Less: Amounts allocated to withdrawing participants at December 31, 2002		—
Benefits paid to participants per Form 5500		<u>\$ 15,201</u>

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that were processed and approved for payment prior to December 31, 2003, but not yet paid as of that date.

Note 9 Subsequent Events

Effective April 1, 2004, the Company merged the Champion Subsidiary 401(k) Plan (the Subsidiary Plan) into the Plan. The Subsidiary Plan was initially adopted in August 2002 for the benefit of the employees of two of the Company's wholly owned subsidiaries, Homes of Legend, Inc. (Homes of Legend) and Trading Post Mobile Homes, Inc. (Trading Post). Assets of the Subsidiary Plan valued at \$446,000 were transferred into the Plan in April 2004.

In addition, effective May 1, 2004, the Company merged the frozen, qualified savings plans of Homes of Legend and Trading Post into the Plan. The assets of the Homes of Legend, Inc. 401(k) Retirement Plan, valued at \$331,000, and of the Trading Post Mobile Homes, Inc. 401(k) Retirement Plan, valued at \$619,000, were transferred into the Plan in May 2004.

In June 2004, the Committee voted to merge the Homes of Merit, Inc. 401(k) Plan, the qualified savings plan of the Company's wholly owned subsidiary, Homes of Merit, Inc., into the Plan. The merger is expected to take place prior to January 1, 2005.

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Schedule A

Champion Enterprises, Inc. Savings Plan
Schedule of Assets Held for Investment Purposes
Form 5500, Schedule H, Part IV, line 4i
December 31, 2003

Party-in- interest	Identity of issue, borrower, lessor, or similar party	Description of investment	Shares / units	Share or unit price	Current value (amounts in thousands)
*	Champion Enterprises, Inc.	Champion Enterprises, Inc. Common Stock	819,621	\$ 7.00	\$ 5,737
*	Fidelity Investments	Fidelity Magellan Fund	186,983	\$97.74	18,276
*	Fidelity Investments	Fidelity Retirement Government Money Market Portfolio	13,206,776	\$ 1.00	13,207
*	Fidelity Investments	Fidelity Managed Income Portfolio	11,808,036	\$ 1.00	11,808
*	Fidelity Investments	Fidelity Contrafund	208,706	\$49.35	10,300
*	Fidelity Investments	Fidelity Equity-Income Fund	161,688	\$49.75	8,044
*	Fidelity Investments	Fidelity Intermediate Bond Fund	696,472	\$10.66	7,424
*	Fidelity Investments	Fidelity Capital Appreciation Fund	230,746	\$24.51	5,656
*	Fidelity Investments	Fidelity Low-Priced Stock Fund	93,403	\$34.98	3,267
*	Fidelity Investments	Fidelity Diversified International Fund	86,984	\$24.12	2,098
*	Fidelity Investments	Fidelity Asset Manager	112,771	\$15.76	1,777
*	Fidelity Investments	Fidelity Puritan Fund	92,574	\$18.47	1,710
*	Fidelity Investments	Fidelity Aggressive Growth Fund	33,484	\$14.93	500
*	Fidelity Investments	Fidelity Freedom 2010 Fund	31,246	\$13.02	407
*	Fidelity Investments	Fidelity Freedom 2020 Fund	28,028	\$13.02	365
*	Fidelity Investments	Fidelity Freedom 2030 Fund	18,154	\$12.95	235
*	Fidelity Investments	Fidelity Freedom 2040 Fund	21,365	\$ 7.56	162
*	Fidelity Investments	Fidelity Freedom Income Fund	7,605	\$11.09	84
*	Fidelity Investments	Fidelity Freedom 2000 Fund	4,272	\$11.78	50
	Plan participants	Loans to participants - interest rates ranging from 5.75% - 11.50% and maturity dates ranging through January 2009			3,415
					<u>\$ 94,522</u>

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

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Exhibit Index

Exhibit	Description
23.1	Consent of PricewaterhouseCoopers LLP