CHAMPION ENTERPRISES INC
Form 424B2
October 31, 2007

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-146980

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
2.75% Convertible Senior Notes due 2037	$180,000,000	100%	$180,000,000	$5,526
Common Stock, $1.00 par value	(2)			(2)

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933.

(2) There is also registered hereby an indeterminate number of shares of common stock into which the notes may be converted. Pursuant to Rule 457(i), no separate registration fee is payable.

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED OCTOBER 29, 2007

$160,000,000

2.75% Convertible Senior Notes due 2037

We are offering $160,000,000 aggregate principal amount of our 2.75% Convertible Senior Notes due 2037, or the notes. The notes will bear interest at a rate of 2.75% per year (such interest rate subject to reduction as described below). Interest on the notes will be payable semi-annually in arrears on May 1 and November 1 of each year, beginning May 1, 2008. The notes will mature on November 1, 2037. Beginning on November 1, 2012, during any six-month period thereafter from November 1 to April 30 and from May 1 to October 31, if the average trading price (as defined herein) of a note for the five consecutive trading days immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the notes, we will reduce the 2.75% interest rate for the notes to 2.25% solely for the relevant interest period.

Holders may convert their notes at their option at any time prior to the close of business on the business day immediately preceding the maturity date. Upon conversion, we will deliver a number of shares of our common stock, per $1,000 principal amount of notes, equal to the applicable conversion rate (as defined herein). The initial base conversion rate for the notes will be 47.6954 shares of our common stock per $1,000 principal amount of notes, equivalent to an initial base conversion price of approximately $20.97 per share of our common stock. The applicable conversion rate for any notes to be converted will be the sum of the daily conversion rate fractions (as defined herein) for each of the 20 trading days in the relevant observation period (as defined herein). If the last reported sale price of our common stock on any trading day in the observation period is less than or equal to the base conversion price, then the daily conversion rate fraction for such trading day will be equal to 1/20th of the base conversion rate. If the last reported sale price of our common stock on any trading day in the observation period is greater than the base conversion price, then the daily conversion rate fraction for such trading day will be subject to increase based on a formula set forth in this prospectus supplement. The base conversion rate will be subject to adjustment in certain events but will not be adjusted for accrued but unpaid interest.

Following certain corporate transactions, we will increase the applicable conversion rate for a holder who elects to convert its notes in connection with such corporate transactions by a number of additional shares of common stock as described in this prospectus supplement.

We may redeem the notes, in whole or in part, for cash at any time on or after November 1, 2012. Holders may require us to repurchase all or a portion of their notes for cash on November 1, 2012, November 1, 2017, November 1, 2022, November 1, 2027 and November 1, 2032 at a price equal to 100% of the principal amount of notes to be purchased plus accrued and unpaid interest to, but excluding, the repurchase date.

If we undergo a fundamental change, as defined in this prospectus supplement, holders may require us to purchase all or a portion of their notes for cash at a price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest, to, but excluding, the fundamental change purchase date.

The notes will be our senior unsecured obligations, will rank equal in right of payment with our other senior unsecured debt and will rank senior to all of our subordinated debt. The notes will effectively rank junior to any of our secured indebtedness to the extent of the assets securing such indebtedness. The notes will also be structurally subordinated in right of payment to all indebtedness and other liabilities and commitments (including trade payables and lease obligations) of our subsidiaries.

For a more detailed description of the notes, see Description of the Notes beginning on page S-25.

Our common stock is listed on the New York Stock and Chicago Stock Exchanges under the symbol CHB. On October 29, 2007, the last reported sale price of our common stock on the New York Stock Exchange was $11.52 per share.

We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system.

See Risk Factors beginning on page S-16 of this prospectus supplement.

	Price to Public(1)	**Underwriting Discounts and Commissions**	**Proceeds to Champion (before expenses)**
Per Note	100%	2.75%	97.25%
Total	$160,000,000	$4,400,000	$155,600,000

(1) Plus accrued interest, if any, from November 2, 2007

The underwriter has a 13-day option to purchase a maximum of $20,000,000 additional principal amount of the notes solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the notes, in book-entry form, will be made on or about November 2, 2007.

Credit Suisse

The date of this prospectus supplement is October 29, 2007.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and risks related to an investment in the notes. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering, and a discussion of risks our business faces. If the description of this offering of notes varies between this prospectus supplement and the accompanying prospectus, you should rely only on the information contained or incorporated by reference in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since any of those respective dates. You should read this entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under Where You Can Find More Information in this prospectus supplement and the accompanying prospectus before making your investment decision. Unless otherwise indicated herein, the information in this prospectus supplement assumes no exercise of the underwriters option to purchase additional notes described herein.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein, may contain forward-looking statements that involve risks and uncertainties. You can identify such forward-looking statements by the use of terms such as expect, believe, may, could, estimate, intend or similar words or phras such statements, other than statements of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21B of the Exchange Act. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual events or results may differ substantially. Important factors that could cause our actual results to be materially different from the forward-looking statements are disclosed under the heading Risk Factors in the accompanying prospectus supplement and are disclosed in the information incorporated by reference in this prospectus, including in Item 1A. Risk Factors, of our Form 10-K for the fiscal year ended December 30, 2006. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. This summary does not contain all of the information that you should consider before deciding whether to invest in our notes. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the Risk Factors sections beginning on page S-16 of this prospectus supplement and page 9 of our Annual Report on Form 10-K for the year ended December 30, 2006, as well as our consolidated financial statements and the related notes incorporated by reference.

Unless otherwise specified or unless the context requires otherwise, all references in this prospectus supplement to Champion, we, us, our or similar references mean Champion Enterprises, Inc. and its subsidiaries.

Our Company

We are the second largest producer of manufactured homes in North America, the largest producer of modular homes in North America and the largest producer of modular structures in the United Kingdom, based on revenues. We currently operate 28 North American manufacturing facilities in 16 states and two provinces in western Canada, and four manufacturing facilities on one site in the United Kingdom. We also operate 16 retail sales offices located throughout the state of California, which sell manufactured homes to consumers primarily targeted to be permanently sited in leased land communities.

Manufactured homes are single-family dwellings that are built in sections in a controlled factory environment and constructed in compliance with the federal Manufactured Home Construction and Safety Standards, or the HUD Code. Manufactured homes are built and transported to the home site on a steel chassis, which forms a permanent part of the floor structure. Modular homes are either single or multi-family dwellings that are also built in sections in a controlled factory environment but are constructed in compliance with applicable local and regional building codes. Modular homes are generally built with wood floors, which are similar to those found in traditional on-site construction, then transported to the home site on a special carrier and set on a permanent foundation using a crane. Our North American manufactured and modular homes are generally wood-framed structures, typical of the housing and low-rise commercial construction markets in North America.

The modular structures we build in the United Kingdom are steel-framed and typically built for use as prisons, military accommodations, hotels and high-density residential buildings. While much of the factory construction process in the United Kingdom is similar to that found in our North American facilities, the end use for the units is significantly different. Steel-framed modular units offer the ability to produce high-rise and multi-story structures not generally possible with wood. In the United Kingdom, our business is involved in significant levels of site-work, including operating as general contractor and engaging the services of sub-contractors for a variety of on-site functions, including set up and completion of our modular buildings.

Our strategy over the last several years has been focused on improving margins and cash returns in our core manufactured housing business and redeploying our cash resources to grow and diversify the company. While we are a focused pure play manufacturer, without the distraction of vertical integration, we have diversified by increasing our domestic modular penetration and adding a strong international modular platform. We expect to continue driving this strategy forward over the next several years.

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2004 revenue breakdown ($1,150 million total)(1)

($ in millions)

(1) Presented as originally reported before the subsequent reclassification of traditional retail operations in 2005

(2) HUD-Code revenues include revenues from the sale of Canadian code units, retail segment revenues, other manufacturing segment revenues, reduced by intercompany sales elimination

Revenue breakdown during the twelve months ended September 29, 2007
($1,249 million total)

($ in millions)

(1) HUD-Code revenues include revenues from the sale of Canadian code units, retail segment revenues, other manufacturing segment revenues, reduced by intercompany sales elimination

Manufactured and modular buildings have many advantages over site-built structures, including shorter construction times, less site disruption, better cost predictability, high and consistent quality standards as a result of the controlled manufacturing process and consequently total cost advantages.

We do not purchase land for development, which recently has triggered substantial inventory write-downs at traditional homebuilders.

We do not engage in speculative building, but manufacture our homes to fill existing orders and within an average time to build of only 3 to 7 days.

Our $82 million of total inventories as of September 29, 2007 represent only 7% of our $1,249 million of sales in the twelve months ended September 29, 2007.

We do not provide consumer financing.

While the difficult conditions in the U.S. housing market have adversely impacted our domestic manufactured and modular housing business, we believe that industry-wide manufactured housing shipments will likely reach bottom in 2007, with an estimated 100,000 units shipped representing the lowest level of annual manufactured housing shipments in 46 years, according to the Manufactured Housing Institute. Our strong international modular business that generated revenue growth of 176% in the third quarter 2007

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compared to the third quarter 2006 allowed us to increase our total revenues by 3% year over year in the third quarter 2007, despite the challenging U.S. market environment. With a record backlog of approximately $275 million, our international operations are expected to continue to help us mitigate weaknesses in the domestic housing markets.

Industry Overview

Manufactured Homes

Factory-built homes have been a significant part of the North American housing industry over the last 50 years, and include both manufactured and modular homes. According to statistics published by the Institute for Building Technology and Safety and United States Department of Commerce Bureau of Census, or the USDOC, since 1980, industry shipments of manufactured housing has represented approximately 22% of new single-family home starts in the United States on average. Most recently, this percentage has declined to only 8% in 2006 and 9% on average over the last five years. We believe that manufactured homes declined as a percentage of new single-family home starts in part because of a shift in the relative ease with which consumers could obtain financing for site-built homes. USDOC estimates that in 2005 approximately 18 million people lived in manufactured homes in the United States.

For decades, the manufactured housing industry has been marked by sharp cyclicality. Following the United States recession in the early 1990s, the manufactured housing industry experienced a period of substantial growth as total wholesale shipments increased from approximately 171,000 homes in 1991 to a peak of over 373,000 homes in 1998. Growth during this period was driven by the introduction of new multi-section designs that appealed to a broader range of customers, a significant increase in the number of retail sales locations and related inventory, and an increase in the availability of consumer financing, including financing for lower-income and higher-risk borrowers, much of which has since been curtailed.

Since the peak in 1998, industry shipments have declined over 70% to approximately 98,000 homes during the last twelve months ended August 31, 2007, the lowest level of annual manufactured housing shipments since 1961. Related industry capacity has declined as well. While average annual shipments of manufactured homes over the last several decades have been in the range of approximately 200,000-250,000 homes, the peak in 1998 was largely driven by the availability of aggressive financing programs for consumers coupled with a rapid expansion in the number of retail sales locations, which had the effect of significantly increasing the number of manufactured homes sold to retailers for stocking purposes and resulting in high levels of retailer inventory. Beginning in 1999, consumer lending standards and loan terms for the purchase of manufactured homes tightened substantially, which resulted in sharp declines in annual home sales. According to the Manufactured Housing Institute, the total number of factories producing manufactured homes has been reduced from a high of approximately 330 in 1999 to a current level of approximately 200. In addition, the number of retail sales locations has declined from an estimated high of approximately 9,500 locations in 1999 to an estimated 4,000 locations today.

While the availability of financing and the credit and loan terms available to consumers for the purchase of manufactured homes have been relatively stable over the last several years, industry shipments have continued to decline, which was further exacerbated by the relative ease of credit in mortgage markets for site-built homes. Low or no down payment programs, low initial or teaser interest rates, extended loan terms and sub-prime credit programs have made traditional mortgages for the purchase of site-constructed homes easier for consumers. More recently, financing for site-built homes has become more difficult to obtain. We believe that if this persists, it could have a positive effect on sales of manufactured homes once inventory levels of existing site-built homes decline.

Modular Homes

Throughout its history, the modular housing industry has been less cyclical than the manufactured housing industry and has performed more in line with trends in the broader United States housing market. For many years, modular housing has accounted for approximately 2-3% of total United States housing starts. Over the last several decades, manufactured housing has been dominated by larger, multi-plant operators. In

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contrast, modular housing has typically been built by small, generally single plant manufacturers, who serve a local or small regional market. The modular housing industry saw steady growth from 1999 through 2005, with modular starts increasing over 30% while the United States housing market expanded and home ownership levels in the United States reached new highs. Although, modular starts declined modestly in 2006 and 2007 along with the broader housing market, modular construction techniques continue to gain traction. In addition, as a greater number of large and better-capitalized manufacturers like us increase their participation in the modular housing industry and are able to provide capital for growth and expansion, we expect continued growth in this market segment.

Modular home starts totaled approximately 38,000 in 2006 and approximately 16,000 in the first six months of 2007, many of which were concentrated in the northeast, mid-west and mid-Atlantic regions of the United States. We believe that this geographical concentration is, in part, driven by the fact that two of the primary advantages of modular homes relative to traditional site-constructed homes are speed of construction and less site disruption, making modular construction particularly well suited for scattered site development and urban infill situations, which are more often found in these regions. Additionally, markets with a relatively short building season due to winter weather conditions stand to benefit from the shorter cycle times of modular construction. As a result, a large percentage of modular manufacturers are located in these regions of the United States.

Commercial Modular

While modular construction of single and multi-family homes represents the segment of the modular construction industry that we have been most focused on historically, we also have a small presence in the commercial modular industry. The commercial modular industry is estimated by the Modular Building Institute, or MBI, to be larger than the modular housing industry. MBI estimates that, in 2005, approximately 168,000 modular floors were produced for commercial construction applications. MBI estimates that from 1999 to 2005 the commercial modular industry grew from just over $3 billion in total revenues to an estimated $4.2 billion. Like the modular housing industry, the commercial modular marketplace has been and continues to be dominated by small, generally single-factory operators that serve a local or small regional market. Very few participants in this market operate multiple factories that are able to serve a broader geographic marketplace.

Commercial modular construction in North America is generally bifurcated into two primary types of manufacturers. Wholesale or indirect manufacturers account for roughly half of the industry by total revenues. These manufacturers sell primarily through other resellers and generally do not participate in turnkey projects. Primary products in this segment tend to be temporary buildings aimed at the office trailer and education markets. Direct manufacturers account for the remaining production, selling direct to end users and/or general contractors typically constructing permanent, custom modular buildings. The primary market segments addressed by direct manufacturers include the education market and multi-family residential construction. Modular construction for military applications such as barracks, maintenance facilities, dining facilities and other buildings are constructed by both wholesale and direct manufacturers. While a small number of steel and concrete modular manufacturers participate in this market, the dominant form of construction continues to be wood-framed buildings.

The modular construction industry in the United Kingdom differs somewhat from that in North America in that relatively few single-family homes are constructed using modular techniques. Rather, the modular construction industry in the United Kingdom tends to be concentrated almost exclusively in the commercial construction arena. The modular market in the United Kingdom can generally be segmented into three major categories: temporary buildings (generally comprised of leased units), semi-finished permanent buildings and complete, custom permanent buildings. Our operations in the United Kingdom are focused on the custom permanent buildings segment of the market.

While industry data in the United Kingdom is not readily available, our studies show that growth in the modular industry over the last decade has been fairly steady and robust at an average of approximately 6.5% per annum. This growth has been driven in large part by substitution of modular construction for traditional

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site-based construction as a result of the advantages presented by modular construction techniques. The advantages of modular construction relative to traditional construction most cited in our studies of this market include speed of construction, factory quality, fewer time and cost overruns, less on-site disruption and, in certain applications, cost advantages.

The United Kingdom custom permanent buildings segment in which we participate is typically segmented into the following product categories: hotels, prisons, private housing, social housing, education, health, retail and military. We currently participate primarily in the prison, hotel, residential, and military segments of the market. Two of our largest market segments (prisons and military construction) are driven primarily by public sector spending. While each of these segments has seen significant growth over the last several years, we have worked to diversify into other segments, such as hotels and residential construction, in an effort to be less dependent on public spending in the future. Each of these market segments has seen strong, consistent growth over the last several years.

Competitive Strengths

We possess a number of strengths which we believe enable us to effectively compete in our industries, including:

Market Experience and Leading Market Positions. We have been in the factory-built housing business since 1953 and have operated through a number of business and economic cycles. As a result, we have vast experience at both expanding and contracting our business depending on market conditions. We hold leading market positions in each of the industries we serve and the size and scope of our operations better enables us both to withstand cyclical or regional downturns and take advantage of cyclical or regional growth opportunities.

Diversity of Operations. Our business is diversified geographically and is becoming increasingly diversified from a product and market standpoint. Our operations span the entire United States, with 26 plants located in 16 states serving customers throughout the 48 contiguous states. We also operate two plants in western Canada and sell a variety of products from the United States into both eastern and western Canada. In addition, we have a large and growing presence in the United Kingdom, where we operate four plants serving primarily England and, to a lesser degree, Ireland. We also operate in several different product segments. While our primary line of business continues to be producing manufactured housing in North America, we have built a significant market presence in the modular housing industry and are working to expand our presence in the North American commercial modular industry. Our products also include steel-framed modular structures produced for a variety of commercial uses in the United Kingdom. This broad and increasingly diversified presence enables us to better withstand regional economic declines as well as industry or product declines. Furthermore, with the established, diversified footprint that we have built, we are well positioned to achieve an even greater diversity of operations in the future.

Scale Driven Efficiencies Make Us a Low Cost Producer. We believe that our market leading positions in the industries we serve allow us to purchase a majority of the raw materials used in our production facilities at advantageous prices relative to many of our competitors. Because raw material purchases are a significant cost driver, often up to half of our net sales, we believe that this purchasing power is a significant competitive advantage. In addition, our scale provides us with a deep management talent pool, which helps us to quickly improve troubled operations, and improve our manufacturing techniques using best practices, which are broadly shared throughout the company. We believe that these scale driven efficiencies make us a low cost producer with the ability to drive out superior margins relative to our competition.

Focused Business Model. While we continue to seek additional geographic and product diversification, our core competency is building modular structures in factories. Our business model is focused on leveraging our core manufacturing competency across a variety of locations and industries. We are not vertically integrated and are not therefore distracted by non-core operations. Our focused

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business model is structured to generate superior cash returns on invested capital, which we believe is a key competitive strength.

Experienced and Diverse Management Team. Our executive management team is well entrenched but drawn from varied and unique backgrounds, which we believe provides us with the critical knowledge, insight and expertise necessary to grow, further diversify our operations and deliver our strategic objectives over the long term. Our operating management, while less varied in terms of background, has significant industry and product experience, which allows us to leverage an appropriate mix of specific industry knowledge against the broader based expertise of our executive management in delivering our strategic objectives. We believe that we possess a unique competitive strength given this combination of both experience and diversity of our management team.

Business Strategy

We believe that developing and communicating a focused and aggressive, yet achievable, long-term strategy is a critical element of executive management s responsibilities. We maintain and actively update our long-term strategic plan and communicate our goals and objectives throughout our company to attain the buy-in and support of our board of directors and each of our employees and associates.

The guiding principals of our strategy are clear and simple. We seek market-leading growth by leveraging our core manufacturing skills to further diversify from our historical dependence on producing manufactured homes in North America. We expect to do this while delivering superior cash returns on invested capital and employing reasonable financial leverage to drive this growth and diversification.

More specifically, the key elements of our business strategy include:

Stabilize and Grow Our Core Manufactured Housing Business. Our core business, since 1953, has been producing high quality, affordable manufactured homes in North America. While this industry has been under pressure for over eight years, we believe that our products present consumers with an attractive, high quality, lower cost alternative to traditional site-constructed homes. While we are not a market share driven company, we intend to grow our sales in this segment in a profitable, cash-generating manner, which is driven by our continued focus on improving factory efficiencies, operating margins and cash flow. We will work to continually strengthen our distribution by partnering with strong, reputable independent retail partners. To do this, our programs must remain fresh and market leading and our products must be reasonably priced with attractive features and options.

Grow Our Domestic Residential Modular Business. We intend to grow our domestic residential modular business by expanding our distribution primarily through builders and developers. We expect that this growth will be both organic as a result of increased distribution through our existing facilities and through acquisitions of modular companies that meet our objectives. Our primary competition for modular homes is new site-constructed homes. We are continually refining our sales and marketing outreach efforts in an attempt to attract the small to mid-sized builders and developers for whom the benefits of modular construction are most attractive. In order to gain a larger share of new housing starts, modular homes must be competitive with similarly priced site-constructed homes in terms of quality, options and amenities offered, and overall product appeal, while offering other benefits to our builder/developer partners such as speed, lower all-in cost, higher returns on capital, greater time and cost predictability and comparative ease of management. We do not generally compete in the same markets as the large public site-builders.

Increase Our Presence in the Domestic Commercial Modular Industry. Our presence in the domestic commercial modular industry is relatively limited today. While we have successfully completed a number of commercial projects, we do not currently have a significant on-going presence in this market. We believe that commercial modular is a natural extension of our manufactured and modular housing businesses in that the core manufacturing process is substantially the same. Because this market presents a good, well-aligned, strategically attractive growth opportunity, we are devoting resources to growing our share of this market. We are adding human resources experienced in various

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commercial construction capacities, including business development, project management and contracting skills. We also plan to introduce steel-framed construction techniques in this market, leveraging the expertise of our United Kingdom operations. We believe that this technology could have the benefit of expanding the overall market and increasing our penetration.

Expand Our International Commercial Modular Footprint. Through our acquisition of Calsafe Group (Holdings) Limited and its operating subsidiary, Caledonian Building Systems Limited, or Caledonian, in the United Kingdom in 2006, we immediately established a market leading footprint in the United Kingdom modular construction industry. The acquisition of Caledonian also gave us access to new and important skills and technologies, which we believe include critical elements of the foundation of our growth and diversification strategy. The United Kingdom modular market has seen growth and expansion over the last decade which we believe will continue. We intend to grow this business both organically and through targeted acquisitions that meet our objectives. Because Caledonian has a strong cash generating business model, we expect that much of the growth in the segment could be self funded. We also intend to explore markets beyond the United Kingdom for eventual expansion.

Evaluate and Enter Select International Residential Modular Markets. We are in the process of evaluating potential acquisition candidates and other market entry opportunities outside of North America in the modular construction industry. We believe that a number of European countries have attractive, well-developed modular housing industries which could include attractive acquisition targets. We will seek to establish a footprint in the modular business outside of North America from which we can further expand and grow. On a long-term basis, we believe that the modular housing business could also be attractive in other lesser developed countries and countries such as China and Russia, which are experiencing rapid economic growth and strong housing demand. However, we do not envision a rapid entry into these markets, rather a gradual international expansion after establishment of a strong, leveragable footprint. We have completed select market studies and plan to continue to devote financial and human resources to this effort.

Maintain and Improve our Existing Retail Operation. We have a small, non-traditional, non-core retail operation, which today operates sales locations throughout the state of California. While our strategy does not contemplate acquisitions or aggressive expansion of this non-traditional retail model, we do plan to grow and improve our current operations. We believe that California is an attractive market for manufactured housing and that this retail business will continue to contribute to our overall results. Our focus in the near term is on improving our returns on invested capital as the California market struggles through a housing correction. Over the long-term, however, we expect to devote the resources necessary to grow and improve this business consistently so long as the returns continue to meet our objectives.

Description of Concurrent Transactions

In connection with and subject to this offering of notes, we have commenced a tender offer to purchase for cash any and all of our outstanding 75/8% Senior Notes due 2009, which we refer to as the 2009 notes.

In connection with this offering of notes, we, together with our wholly-owned subsidiary, Champion Home Builders Co., and certain additional subsidiaries expect to amend our existing credit facility, effective upon the issuance of the notes and the commencement of the tender offer for our 2009 notes, to modify the interest rates in the credit facility and to allow for the issuance of the notes, the repurchase of the 2009 notes, and certain restructuring of our foreign subsidiaries, and, effective upon the repurchase of the 2009 notes, to modify certain financial covenants.

Approximately $97 million of the net proceeds from this offering will be used to:

repurchase any and all of the 2009 notes tendered in the offer to purchase including tender premium and accrued interest;

repay no less than $8 million of the outstanding principal, plus accrued interest, under our term loan due 2012; and

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pay related fees and expenses.

The remaining proceeds will be used for general corporate purposes.

The amount of total indebtedness expected to be outstanding as a result of the transactions described above and this offering is approximately $326 million. The term the transactions refers to these transactions and the application of the proceeds therefrom.

Corporate Information

Our headquarters are located at 2701 Cambridge Court, Suite 300, Auburn Hills, MI 48326, and our telephone number is (248) 340-9090. Our website is *www.championhomes.com*. The information on our website is expressly not incorporated by reference into, and does not constitute a part of, this prospectus supplement.

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THE OFFERING

The following summary contains basic information about this offering and the notes and is not intended to be complete. It does not contain all of the information that may be important to you. For a more complete understanding of all of the terms and provisions of the notes, please refer to the section of this prospectus supplement entitled Description of the Notes and the section of the accompanying prospectus entitled Description of Debt Securities. For purposes of the description of the notes included in this prospectus supplement, references to the Company, the issuer, us, we and our refer only to Champion Enterprises, Inc. and do not include any of our subsidiaries.

Issuer	Champion Enterprises, Inc., a Michigan corporation.
Securities	$160,000,000 aggregate principal amount of 2.75% Convertible Senior Notes due 2037 (the notes). We have also granted the underwriter a 13-day option to purchase a maximum of $20,000,000 additional principal amount of the notes solely to cover over-allotments, if any.
Maturity	The notes will mature on November 1, 2037, subject to earlier redemption, repurchase or conversion.
Interest	2.75% per year on the principal amount (such interest rate subject to reduction as described below) from November 2, 2007, payable semi-annually in arrears on May 1 and November 1 of each year, beginning May 1, 2008. Beginning on November 1, 2012, during any six-month period thereafter from November 1 to April 30 and from May 1 to October 31, if the average trading price (as defined herein) of a note for the five consecutive trading days immediately preceding the first day of the applicable six-month interest period equals or exceeds 120% of the principal amount of the notes, we will reduce the 2.75% interest rate for the notes to 2.25% solely for the relevant interest period.
	Unless the context requires otherwise, all references to the term interest in this prospectus supplement are deemed to include additional interest, if any, that accrues and is payable in connection with our failure to comply with our reporting obligations under the indenture as set forth below under Description of the Notes Events of Default.
Conversion rights	Holders may convert their notes at their option at any time prior to the close of business on the business day immediately preceding the maturity date for the notes.
Conversion settlement	Upon conversion, we will deliver a number of shares of our common stock, per $1,000 principal amount of notes, equal to the applicable conversion rate (as defined herein). See Description of the Notes Conversion Rights Settlement Upon Conversion.
	In addition, following certain corporate transactions, we will increase the applicable conversion rate for a holder who elects to convert in connection

with such corporate transactions by a number of additional shares of common stock as described under Description of the Notes Conversion Rights Adjustment to Shares Delivered Upon Conversion Upon Certain Corporate Transactions.

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You will not receive any additional cash payment, including any accrued but unpaid interest, upon conversion of a note except in circumstances described in Description of the Notes Conversion Rights General. Instead, interest will be deemed paid by the shares of common stock delivered to you upon conversion of a note.

Conversion rate

The applicable conversion rate for any notes to be converted will equal the sum of the daily conversion rate fractions for each of the 20 trading days in the relevant observation period (as defined below). The daily conversion rate fraction for each trading day in the relevant observation period will be determined as follows:

if the last reported sale price (as defined under Description of the Notes Conversion Rights General) of our common stock on such trading day is less than or equal to the base conversion price (as defined below), the daily conversion rate fraction for such trading day will be equal to the base conversion rate *divided by* 20; and

if the last reported sale price of our common stock on such trading day is greater than the base conversion price, the daily conversion rate fraction for such trading day will be equal to 1/20th of the following:

$$\text{Base Conversion Rate} + \frac{(\text{Last Reported Sale Price of our Common Stock on such Trading Day} - \text{Base Conversion Price})}{\text{Last Reported Sale Price of our Common Stock on such Trading Day}} \times \text{Incremental Share Factor}$$

In no event, however, will the daily conversion rate fraction for any day during the observation period exceed 1/20th of 86.8056 shares of our common stock (the daily share cap), subject to adjustment in the same manner as the base conversion rate as described herein.

The base conversion rate is 47.6954 shares of our common stock per $1,000 principal amount of notes, subject to adjustment as described under Description of the Notes Conversion Rights Conversion Rate Adjustments.

The base conversion price is a dollar amount (initially, approximately $20.97) determined by dividing $1,000 by the base conversion rate.

The incremental share factor is initially 39.1102, subject to the same proportional adjustment as the base conversion rate.

The observation period, with respect to any note, means the 20 consecutive trading day period beginning on, and including, the second trading day after the conversion date for such note, except that with respect to any conversion date that is on or after the 24th scheduled trading day immediately preceding the maturity date for the notes, the observation period means the 20 consecutive trading days beginning on and including the 22nd scheduled trading day immediately preceding the maturity date for the notes.

Sinking fund	None.

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Optional redemption	We may not redeem the notes before November 1, 2012. We may redeem the notes, in whole or in part, for cash on or after November 1, 2012, on at least 30 days but not more than 60 days notice by mail to holders of notes at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus any accrued and unpaid interest to, but excluding, the redemption date. We will make at least 10 semi-annual interest payments (including the interest payment on May 1, 2008) on the notes before we can redeem the notes at our option.
Repurchase right of holders	Holders may require us to repurchase all or a portion of their notes for cash on November 1, 2012, November 1, 2017, November 1, 2022, November 1, 2027 and November 1, 2032 at a purchase price equal to 100% of the principal amount of the notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the repurchase date.
Fundamental change	If we undergo a fundamental change (as defined under Description of the Notes Fundamental Change Permits Holders to Require Us to Purchase Notes), you will have the option to require us to purchase all or any portion of your notes. The fundamental change purchase price will be 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest, to, but excluding, the fundamental change purchase date. We will pay cash for all notes so purchased.
Ranking	The notes will rank equally in right of payment with all our existing and future unsecured senior debt and are senior in right of payment to our subordinated debt, if any. The indenture pursuant to which the notes are issued does not limit the amount of debt that we or our subsidiaries may incur. The notes will effectively rank junior to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will also be structurally subordinated in right of payment to all indebtedness and other liabilities and commitments (including trade payables and lease obligations) of our subsidiaries.
Use of proceeds	We estimate that the proceeds from this offering will be approximately $155 million, after deducting the underwriter s discounts and commissions and estimated offering expenses, assuming the underwriter does not exercise its option to purchase additional notes to cover over-allotments. If the underwriter exercises its option to purchase additional notes to cover over-allotments in full, we estimate that the net proceeds from this offering will be approximately $175 million, after deducting the underwriter s discounts and commissions and estimated offering expenses. We intend to use approximately $97 million of the net proceeds from this offering to repurchase the 2009 notes tendered in the tender offer, to repay a portion of our outstanding principal and accrued interest under our term loan due 2012 and pay related fees and expenses. The remaining proceeds will be used for general corporate purposes. See Use of Proceeds.

Book-entry form	The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company, which we refer to as DTC, and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Absence of a public market for the notes	The notes are new securities and there is currently no established market for the notes. The underwriter has advised us that it currently intends to make a market in the notes. However, it is not obligated to do so, and it may discontinue any market making with respect to the notes without notice. We do not intend to apply for a listing of the notes on any national securities exchange or any automated dealer quotation system. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. Our common stock is listed on the New York and Chicago Stock Exchanges under the symbol CHB.
U.S. federal income tax considerations	We will treat, and each holder will agree in the indenture to treat, the notes as contingent payment debt instruments for U.S. federal income tax purposes and to be bound by our application of the Treasury regulations that govern contingent payment debt instruments, including our projected payment schedule and our determination of the rate at which interest will be deemed to accrue for U.S. federal income tax purposes, which is the rate comparable to the rate at which we would borrow on a non-contingent, nonconvertible borrowing with terms otherwise similar to the notes. Based on such agreement, (i) each holder will be required to accrue interest at this rate, with the result that a holder will recognize taxable income significantly in excess of any cash received while the notes are outstanding and (ii) a holder will generally be required to recognize ordinary income on the gain, if any, realized on a sale, exchange, conversion or redemption of the notes. See Certain United States Federal Income Tax Considerations.
Risk factors	Investment in the notes involves risk. You should carefully consider the information under the section titled Risk Factors and all other information included in this prospectus supplement and the documents incorporated by reference before investing in the notes.

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SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

The following table summarizes our financial data for the periods and as of the dates presented. We derived the income statement, balance sheet and other financial data for each of the fiscal years ended December 28, 2002, January 3, 2004, January 1, 2005, December 31, 2005 and December 30, 2006 from our audited consolidated financial statements. We derived the income statement, balance sheet and other financial data for the nine months ended September 30, 2006 and September 29, 2007 from our unaudited consolidated financial statements. In the opinion of management, the unaudited financial statements have been prepared on a consistent basis as the audited financial statements and include all adjustments, consisting of normal recurring adjustments and accruals, considered necessary for fair presentation. The results of operations for the nine months ended September 29, 2007 are not necessarily indicative of the results to be expected for the fiscal year ending December 29, 2007. The information under As Adjusted in the balance sheet data below reflects the issuance of the notes offered in this offering and the receipt by us of the estimated net proceeds. You should read this information in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes thereto incorporated by reference in this prospectus supplement.