



News Release For immediate release

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## **Clayton Announces Acquisition of Southern Energy**

**Knoxville, TN – August 15, 2006** Clayton Homes announced today that they have entered into a definitive Merger Agreement with Southern Energy Homes, Inc (SEHI – PK). Under the terms of the agreement, Southern Energy Homes, Inc.'s stockholders will receive cash of \$8.50 per share in the merger.

Upon completion of the transaction, Southern Energy Homes, Inc. will become a wholly owned subsidiary of Clayton Homes. Southern Energy operates seven (7) manufacturing facilities producing more than 7000 homes annually and selling into more than twenty states. Southern Energy is currently marketed under five brand names and sold to over 350 nationally recognized premier retailers.

Rick Strachan, President of Clayton Manufacturing said, "We have long admired Southern Energy's unique product offerings and design characteristics which will further complement and enhance Clayton's distribution into prime markets."

Kevin Clayton, CEO of Clayton Homes, remarked, "We are enthusiastic about the opportunity to engage a team with such a rich heritage established by Wendell Batchelor and nurtured by Keith Holdbrooks. Southern Energy's 1500 dedicated team members will unite with Clayton to exceed customer expectations by delivering the best homes at the best price.

Closing of the transaction is subject to customary conditions, including additional due diligence and obtaining certain consents and regulatory approvals. The transaction is expected to close in the next 60 days.

### **About Southern Energy Homes, Inc.**

Southern Energy Homes, Inc. ([www.sehomes.com](http://www.sehomes.com)) was founded in 1982 in Addison, Alabama. Southern Energy manufactures homes that are marketed primarily through more than 350 independent dealers in 21 states. The Company's brands include Southern Energy, Southern Estates, Southern Homes, Southern Energy of Texas and Giles Homes. Recognized as an innovative homebuilder at all price points, Southern Energy is renowned for its creativity and home customization offerings.

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