

SECURITIES AND EXCHANGE COMMISSION

FORM DEF 14A

Definitive proxy statements

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SKYLINE CORP

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SKYLINE CORPORATION
2520 By-Pass Road
P.O. Box 743
Elkhart, Indiana 46515

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
September 19, 1994

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of Skyline Corporation ("Skyline") will be held at the Shenandoah Room, in the Ramada Inn, 3011 Belvedere Road, Elkhart, Indiana, on Monday, September 19, 1994, at 10:00 a.m., Eastern Standard Time, for the following purposes:

1. To elect a Board of Directors for the ensuing year, or until their successors are elected and qualify.
2. To transact such other business as may properly come before the meeting, or any adjournment thereof.

The Board of Directors has fixed the close of business on July 20, 1994, as the record date for the determination of shareholders entitled to notice of, and to vote at, said meeting.

By Order of the Board of Directors

RONALD F. KLOSKA
Vice-Chairman and Chief
Administration Officer

August 2, 1994

IF YOU DO NOT EXPECT TO ATTEND THE MEETING IN PERSON, PLEASE SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

SKYLINE CORPORATION
2520 By-Pass Road
P.O. Box 743
Elkhart, Indiana 46515

August 2, 1994

PROXY STATEMENT

The enclosed proxy is solicited by the Board of Directors of Skyline Corporation ("Skyline") for use at the Annual Meeting of Shareholders to be held September 19, 1994. The shares represented by properly executed proxies received prior to the meeting will be voted. If the shareholder directs in the proxy how the shares are to be voted, they will be voted accordingly. When no direction has been given by the shareholder, it is the intention of the proxies named in the proxy to vote the same in accordance with their best judgment. Any proxy given may be revoked by the shareholder at any time prior to the voting of the proxy.

VOTING SECURITIES

Only shareholders of record as of the close of business on July 20, 1994, or their proxies are entitled to vote at the meeting. As of that date, Skyline has outstanding 11,157,244 shares of Common Stock having one vote per share.

ELECTION OF DIRECTORS

Each share of Common Stock is entitled to one vote, which means that the holders of more than 50% of the shares voting for the election of Directors can elect all of the Directors and approve any other matter as may properly come before the meeting if they choose to do so.

It is proposed that nine Directors be elected at the meeting, each to serve until the next Annual Meeting of Shareholders and until his successor is elected and qualifies.

It is intended that the votes authorized by the enclosed proxy will be cast for the election of the nine nominees for Directors whose names are set forth below. In the event that one or more of the nominees shall unexpectedly become unavailable for election, the votes will be cast, pursuant to authority granted by the enclosed proxy, for such person as may be designated by the present Board of Directors or the Board may be reduced accordingly. All of the nominees for whom the proxies intend to vote have agreed to serve as Directors if elected.

Information about the nominees for election as Directors and the beneficial ownership of Skyline Common Stock by directors as a group is as follows:

Name, Title, Address and Principal Occupation	Age	Skyline Director Since	Shares of Skyline Common Stock bene- ficially Owned at July 1, 1994 Directly or Indirectly	Percent of Class (3)
ARTHUR J. DECIO Chairman, Skyline Corporation, 2520 By-Pass Road, Elkhart,	63	1959	1,477,784(1)	13.2%

in the management of the business and affairs of Skyline, subject to the approval of the full Board of Directors at the next regular or special meeting.

The Board of Directors met or took action six times during the last fiscal year. Every Board member was present at all Board meetings and meetings of all committees of which he was a member, except that one Director did not attend one Board meeting and one Director did not attend two Board meetings.

Certain Other Beneficial Owners

The following person, entities or "group" as indicated are known to Skyline to own beneficially at least five percent (5%) of Skyline's common stock or are members of management identified in the summary compensation table but who are not on Skyline's Board. The beneficial ownership of Skyline common stock by the members of its Board and its nominees for directors is shown in the table under "Election of Directors" above.

Name and Address of Beneficial Owner	Shares of Skyline Common Stock Beneficially Owned at July 1, 1994	Percent of Class (1)
Donald A. Barrow Vice President, Skyline 2520 By-Pass Road Elkhart, Indiana 46514	1,350	
Orbis Investment Management Limited (2) Harold Hayes Frith Building 55 Par-Ia-Ville Road Hamilton, HM 11 Bermuda	1,065,000	9.5%
PosAlpha Management Limited(2) Harold Hayes Frith Building 55 Par-Ia-Ville Road Hamilton, HM 11 Bermuda	45,000	.4%

(1) Less than one percent (1%) if not specified.

(2) Orbis Investment Management Limited and PosAlpha Management Limited may constitute a "group" owning 1,110,000 shares, which is 9.9% of the outstanding Skyline common stock.

Executive Compensation

All cash compensation paid during the fiscal year ended May 31, 1994 for

each of the five highest paid executive officers of Skyline, including the Chief Executive Officer. The table also shows for each such officer, the amounts set aside during the last fiscal year under Skyline's Profit Sharing Plan.

Name and Principal Position	Annual Compensation			All Other Compensation (Vested) Profit Sharing)
	Year	Salary (\$)	Bonus (\$)	
Arthur J. Decio Chairman of the Board and Chief Executive Officer	1994	395,000	248,000	6,000
	1993	395,000	90,000	6,000
	1992	395,000	0	6,000
William H. Murschel President and Chief Operations Officer (Vice-President prior to September 16, 1991)	1994	295,000	170,500	6,000
	1993	275,000	102,500	6,000
	1992	225,000	22,500	6,000
Terrence M. Decio Senior Executive Vice-President and Assistant Chief Operations Officer (Senior Vice-President from September 16, 1991 to September 21, 1992 and Vice-President before September 16, 1991)	1994	225,000	139,500	6,000
	1993	200,000	67,500	6,000
	1992	140,000	14,000	6,000
Ronald F. Kloska Vice-Chairman of the Board and Chief Administration Officer (President prior to September 16, 1991)	1994	245,000	139,500	6,000
	1993	225,000	67,500	6,000
	1992	225,000	22,500	6,000
Donald A. Barrow Vice-President	1994	150,000	45,000	6,000
	1993	140,000	22,500	6,000
	1992	140,000	14,000	6,000

Compensation of Directors

Directors who are not full-time employees receive an annual fee of \$16,000 payable in quarterly installments. Chairmen of the Board Committees receive an additional \$2,000 annually. If a Committee meeting is held on a day when there is not Board meeting, the sum of \$500 is payable to each Director attending the Committee meeting.

Termination of Employment Arrangements

The Skyline Corporation and Affiliates Employees' Profit Sharing Plan provides benefits on death, disability or retirement for officers and

executives, sales, administrative and supervisory employees. Employees hired on or after June 1, 1987 become eligible as of the June 1 or December 1 immediately following completion of six months of employment. Under the Plan, as amended effective June 1, 1987, the amount of contribution under the Plan is in the discretion of Skyline each year. However, the maximum contribution for any participant shall not exceed 12% of a participant's basic compensation. Upon retirement, death or permanent total disability, a participant is entitled to all of the funds credited to his account. In case of termination of employment by resignation or discharge, the participant is entitled to a percentage of the amount credited to his account, ranging from 0% (10% for employees hired on or before May 31, 1987) after one year of employment to 100% after seven years. For plan years beginning on or after June 1, 1987, forfeitures resulting from any employee's termination of employment prior to full vesting will be used to reduce employer contributions. Net investment earnings or net losses for each fiscal year are allocated to the account of each participant in the same ratio as the participant's account balance bears to the total account balances of all participants. Skyline reserves the right to modify, amend or terminate the Plan. In the event of termination of the Plan, the entire amount theretofore contributed under the Plan must be paid to participants or their beneficiaries and under no circumstances reverts to Skyline.

Under an insurance plan, payments would be made to the below named executive officers, and executive officers as a group, for a period of 10 years upon retirement from Skyline at age 60 or later, in the following amounts: Ronald F. Kloska, \$75,000; William H. Murschel, Donald A. Barrow and Terrence M. Decio, \$60,000 each; and all executive officers as a group, consisting of 5 individuals, \$295,000. Under the same insurance plan, in the event of the death of any of such executive officers while employed by Skyline, payments would be made for a period of 10 years in the annual amounts hereinafter specified to the beneficiaries of the following individuals and group: Ronald F. Kloska, \$75,000; William H. Murschel and Terrence M. Decio, \$60,000 each, and Donald A. Barrow, \$30,000; and all executive officers as a group, consisting of 5 individuals, \$255,000. Skyline is the owner and beneficiary of policies insuring the lives of all such executive officers in the total amount of \$1,875,984. In addition, in the event of the death of Arthur J. Decio, Skyline has agreed to pay his survivor(s) the sum of \$1,920,000, which at the present income tax rates, would result in after tax cost to Skyline of approximately \$1,153,000. Skyline is the owner and beneficiary of policies insuring Arthur J. Decio's life in the amount of \$1,000,000.

The appreciation in cash surrender value of all of the above-described insurance policies is such that there is no current cost to Skyline for their maintenance.

Compensation Committee Interlocks and Insider Participation

The following persons served as members of the Governance and Compensation Committee (the "Compensation Committee") of Skyline's

Board of Directors during the fiscal year ended May 31, 1994: Andrew J. McKenna, Jerry Hammes and William H. Lawson. Arthur J. Decio is the Chairman of the Board and Chief Executive Officer of Skyline, and is a member of the Board of Directors of Schwarz Paper Company. Andrew J. McKenna is an executive officer of Schwarz Paper Company.

Report of the Governance and Compensation
Committee (the "Compensation Committee")
on Executive Compensation

The compensation of Skyline's executive officers is determined by the Compensation Committee of the Board of Directors. Each member of the Compensation Committee is a director who is not an employee of Skyline or any of its affiliates. The following report with respect to compensation paid to Skyline's executive officers for the fiscal year ended May 31, 1994 is furnished by the Compensation Committee.

General Policies. Skyline's compensation programs are intended to enable Skyline to attract, motivate, reward and retain the executive management talent required to achieve corporate objectives. It is Skyline's policy to reward exceptional performance and contributions to the development of Skyline's business. To attain these objectives, Skyline's executive compensation program includes a competitive base salary coupled with the opportunity to participate in a bonus pool which is created based on the performance of Skyline's business. The Compensation Committee establishes the base salaries and discretionary bonuses which will be paid to Skyline's executive officers for each fiscal year. In setting salaries and bonuses, the Compensation Committee takes into account several factors, including compensation paid by competitors and other industries' compensation data as well as qualitative factors bearing on an individual's experience, responsibilities, management and job performance. The Compensation Committee evaluates the contributions to Skyline's overall performance during the last fiscal year, leadership, effectiveness and commitment of all executive officers, including the Chief Executive Officer. For the fiscal year ended May 31, 1994, each of the executive officers received a bonus, in the amounts set forth above in the summary compensation table.

Salaries. Salary levels for executive officer positions are set so as to reflect the duties and level of responsibilities inherent in the position and current economic conditions relating to Skyline's business. Comparative salaries paid by other companies in the industries which Skyline does business are considered in establishing the salary level for a given position. The Compensation Committee does not, however, target a specific percentile range within the comparative group in setting salaries of Skyline's executive officers. The particular qualifications and level of experience of the individual holding the position are also considered in establishing a salary level when the individual is first appointed to a given position.

Bonus. Skyline provides executive officers the opportunity to earn an annual incentive bonus based on an evaluation of the executive's individual

performance and Skyline's performance. No executive officer is automatically entitled to a bonus or a bonus in any particular amount. In considering bonuses for executives other than Arthur J. Decio, the Compensation Committee consults with the Chief Executive Officer.

Other. In addition, the executive officers participate in a profit sharing program and insurance and other plans described above providing payments on death or retirement.

Compensation of Chief Executive Officer ("CEO"). In setting the base salary and bonus for Skyline's CEO, for the fiscal year ended May 31, 1994, the Compensation Committee considered the same factors as with other executive officers of Skyline. The Compensation Committee believes the CEO's compensation was fully supported by those standards.

Andrew J. McKenna, Chairman
Jerry Hammes
William H. Lawson

Being all the members of Skyline's Governance and Compensation Committee (the "Compensation Committee")

PERFORMANCE GRAPH

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN*
AMONG SKYLINE CORPORATION, S & P 500 INDEX AND PEER
GROUP**

	Skyline Corporation	S&P 500	Peer Group
Starting Basis - 1989	\$100.00	\$100.00	\$100.00
1990	77.72	116.61	98.60
1991	96.54	130.36	114.11
1992	92.19	143.21	128.06
1993	107.54	159.84	163.50
1994	109.64	165.99	208.29

* Notes:

Assumes initial investment of \$100 on May 31, 1989 and compares the return on that investment through May 31, 1994.

For comparison purposes, Total Return assumes reinvestment of dividends, although Skyline has no dividend reinvestment plan.

Total Return is based on market capitalization.

** This self constructed peer group consists of the following companies:

Champion Enterprises, Inc.
Coachman Industries, Inc.

Fleetwood Enterprises, Inc.
Liberty Homes, Inc.
Schult Homes, Inc.
Thor Industries, Inc.

The returns of each member of this peer group have been weighted according to that company's respective stock market capitalization.

INDEPENDENT PUBLIC ACCOUNTANTS

Skyline's independent public accounting firm is Price Waterhouse. It is expected that representatives of Price Waterhouse will be present at the meeting of the shareholders, will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

SHAREHOLDER PROPOSALS

Any proposal submitted for inclusion in Skyline's Proxy Statement and form of proxy for the 1995 Annual Meeting of Shareholders must be received at the address shown above on or before April 5, 1995.

MISCELLANEOUS

As of the date of this Proxy Statement, the Board of Directors knows of no other business which will be presented for consideration at the annual meeting. However, if other proper matters are presented at the meeting, it is the intention of the proxies named in the enclosed proxy to take such action as shall be in accordance with their best judgment.

The expense of this solicitation, including cost of preparing and mailing this Proxy Statement and accompanying material, will be paid by Skyline. Skyline expects to pay approximately \$6,000 to Georgeson & Company as compensation for the solicitation of proxies, and may reimburse brokers and others for their expense for sending proxy material to principals for the purpose of obtaining signed proxies. In addition, solicitation may be by mail, telephone, telegraph and personal interview by regularly engaged officers of Skyline who will not be additionally compensated therefor.

Shareholders are respectfully requested to date, sign and return promptly the enclosed proxy in the enclosed envelope. No postage is required if mailed in the United States.

By Order of the
Board of Directors

RONALD F. KLOSKA
Vice-Chairman and Chief
Administration Officer

IMPORTANT: Please mark, sign, date and promptly return this proxy using the enclosed envelope.

Proxy
SKYLINE CORPORATION
THIS PROXY SOLICITED ON BEHALF OF THE BOARD OF
DIRECTORS

The undersigned hereby appoints Ronald F. Kloska and Richard M. Treckelo as proxies, each with the power to appoint his substitute, and hereby authorizes them, or either of them, to appear and to vote as designated below, all the shares of common stock held of record by the undersigned on July 20, 1994 at the Annual Meeting of Shareholders of Skyline Corporation, to be held at the Shenandoah Room, in the Ramada Inn, 3011 Belvedere Road, Elkhart, Indiana, on Monday, September 19, 1994, at 10:00 a.m., Eastern Standard Time, and at any adjournments thereof.

1. ELECTION OF DIRECTORS

NOMINEES: Arthur J. Decio, Terrence M. Decio, Jerry Hammes, Ronald F. Kloska, William H. Lawson, David T. Link, Andrew J. McKenna, William H. Murschel and Dale Swikert.

Mark Only One Box:

_____ FOR all nominees listed above; except vote withheld with respect to nominee/s listed below (if any)

_____ WITHHOLD AUTHORITY to vote for ALL nominees listed above

(Continued and to be signed on other side)

(continued from other side)

2. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THE PROXY WILL BE VOTED FOR PROPOSALS 1 AND 2.

The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Shareholders and the Proxy Statement furnished therewith, both of which are dated August 2, 1994.

Dated _____, 1994 _____

Signature

Please print:

Name

Signature

Name

Address

City, State, Zip Code

Please sign exactly as name appears hereon. Where shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.