

SKYLINE CORP  
Form DEFM14A  
April 25, 2018

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

**Skyline Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(3) Filing Party:

\_\_\_\_\_

(4) Date Filed:

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\_\_\_\_\_

April 25, 2018

Dear Shareholder:

You are cordially invited to attend the Special Meeting of Shareholders (the **Special Meeting**) of Skyline Corporation ( **Skyline** or the **Company** ), which will be held on Tuesday, May 29, 2018 at 9:00 a.m. Eastern Time at the Fairfield Inn and Suites, located at 3501 Plaza Court, Elkhart, Indiana 46514. This proxy statement contains your official notice of the Special Meeting and includes information about the matters to be acted upon at the meeting. Officers and directors of Skyline will be on hand at the Special Meeting to answer questions and discuss matters that may properly arise.

On January 5, 2018, Skyline entered into a Share Contribution & Exchange Agreement (the **Exchange Agreement**) with Champion Enterprises Holdings, LLC ( **Champion Holdings** ), pursuant to which Champion Holdings agreed to, among other things, contribute, transfer, and convey to Skyline all of the issued and outstanding shares of common stock of Champion Holdings wholly-owned operating subsidiaries through the contribution of all of the issued and outstanding equity interests of each of Champion Home Builders, Inc., a Delaware corporation ( **CHB** ), and CHB International B.V., a Dutch private limited liability company ( **CIBV** ) (the shares of stock of CHB and CIBV to be contributed to Skyline, the **Contributed Shares** ), in exchange for a number of newly issued shares of Skyline common stock, \$0.0277 par value per share (the **Exchange Shares** ), calculated to be equal to (i) an exchange ratio of 5.4516129, multiplied by (ii) the total number of shares of Skyline common stock outstanding on a fully diluted basis (as determined in the Exchange Agreement) as determined immediately prior to the closing of the transactions contemplated by the Exchange Agreement (the **Shares Issuance** ). The contribution of the Contributed Shares by Champion Holdings to Skyline, and the Shares Issuance by Skyline to Champion Holdings (or its members), are collectively referred to herein as the **Exchange**. Upon the closing of the Exchange, Champion Holdings (or its members) will hold 84.5%, and Skyline's current shareholders will hold 15.5%, of the outstanding common stock of the combined company on a fully-diluted basis. In addition, in connection with the closing of the Exchange, and subject to the approval by Skyline's shareholders of the matters submitted for approval at the Special Meeting, the persons serving on the Board of Directors and as the executive officers of Skyline will be changed to be those persons as designated by Champion Holdings and Skyline, as described further in this proxy statement.

In connection with the Exchange, our Board of Directors approved an amendment and restatement of our articles of incorporation to provide for, among other things, (i) the change in the name of the Company to Skyline Champion Corporation; (ii) an increase in the number of authorized shares of common stock of the Company from 15,000,000 to 115,000,000 shares; and (iii) a provision stating that the number of members of the Company's Board of Directors shall be as specified in the Company's bylaws (collectively, the **Company Charter Amendment** ). In connection with the approval of the Company Charter Amendment, the Company's shareholders are being asked to approve three proposals contained in this proxy statement (collectively, the **Charter Amendment Proposals** ).

A special committee of our Board of Directors (the **Special Committee** ), consisting solely of directors who have been determined by our Board of Directors to be independent under the rules of the NYSE American, after thorough review and consideration, unanimously determined that the Exchange Agreement and the transactions contemplated thereby, including the Exchange, are advisable to, fair, and in the best interests of the Company and its shareholders, approved the Exchange Agreement and the transactions contemplated thereby, including the Exchange, and recommended that our Board of Directors approve the Exchange Agreement and our shareholders approve the Shares Issuance and the Charter Amendment Proposals. Our Board of Directors, based in part on the unanimous approval and recommendation of the Special Committee, and after thorough review and consideration, unanimously determined that the Exchange Agreement and the transactions contemplated thereby, including the Exchange, are advisable to, fair, and in the best interests of the Company and its shareholders, approved the Exchange Agreement and the transactions contemplated thereby, including the Exchange, and recommended that our shareholders approve the Shares Issuance and the Charter

Amendment Proposals.

The Special Committee and our Board of Directors made their determinations after consultation with their financial advisor and their respective legal advisors, and after consideration of a number of factors. **THE BOARD OF DIRECTORS OF SKYLINE UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE PROPOSAL TO APPROVE THE SHARES ISSUANCE, FOR THE APPROVAL OF EACH OF THE CHARTER AMENDMENT PROPOSALS, FOR THE APPROVAL OF THE EXCHANGE-RELATED COMPENSATION PROPOSAL, AND FOR THE APPROVAL OF THE ADJOURNMENT PROPOSAL.**

The Exchange cannot be completed unless the holders of a majority of the outstanding shares of Skyline common stock entitled to vote on such proposal on the record date vote to adopt each of the Charter Amendment Proposals, and the votes cast by Skyline's shareholders in favor of the proposal to approve the Shares Issuance exceed the votes cast opposing such proposal. None of the Charter Amendment Proposals will be adopted unless each of them is approved. The accompanying proxy statement provides you with detailed information about the Exchange, the Exchange Agreement, the Shares Issuance, the Company Charter Amendment, the two related proposals, and the Special Meeting. A copy of the Exchange Agreement is attached as Appendix A to the accompanying proxy statement. We encourage you to read the entire proxy statement and its appendices, including the Exchange Agreement, carefully. You may also obtain additional information about Skyline from documents we have filed with the Securities and Exchange Commission.

Skyline's common stock is traded on the NYSE American under the trading symbol SKY. Skyline anticipates that the common stock of the combined company will be listed on the New York Stock Exchange following the completion of the Exchange under the trading symbol SKY. On January 4, 2018, the last day prior to the public announcement of the Exchange Agreement, the closing price of a share of Skyline common stock was \$12.83. On April 24, 2018, the latest practicable date before the date of this document, the closing price of a share of Skyline common stock was \$24.41.

**We urge you to read the proxy statement carefully, including the appendices to the proxy statement.** If you do not plan to attend the Special Meeting, to ensure your shares are represented at the meeting, please vote as soon as possible either by completing and submitting the enclosed proxy card or by using the telephone or Internet voting procedures described in your proxy card. If your shares are held in the name of a bank, broker, or other nominee, please follow the instructions on the voting instruction card furnished by such bank, broker, or other nominee in order to vote your shares. Please note that if your shares are held in the name of a bank, broker, or other nominee and you wish to vote at the Special Meeting, you must obtain a proxy issued in your name from that record holder prior to the Special Meeting and bring the proxy to the Special Meeting. **Your vote is very important, regardless of the number of shares of Skyline common stock you own. The failure to vote your shares will have the same effect as a vote AGAINST the approval of the Company Charter Amendment Proposals.**

Sincerely Yours,

Richard W. Florea  
Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Exchange or the Exchange Agreement, passed upon the merits or fairness of the Exchange Agreement or the transactions contemplated thereby, or passed upon the adequacy or accuracy of the information contained in the proxy statement. Any representation to the contrary is a criminal offense.**

*This proxy statement is dated April 25, 2018, and is first being mailed to Skyline's shareholders on or about April 27, 2018.*

**AVAILABLE INFORMATION**

This document makes reference to certain important business and financial information about Skyline from other documents that are not included in or delivered with this document. These documents are available to you without charge upon your written or oral request. Your requests for these documents should be directed to the following:

Skyline Corporation  
P.O. Box 743, 2520 By-Pass Road  
Elkhart, Indiana 46515  
Attention: Jon S. Pilarski, Chief Financial Officer  
(574) 294-6521

In order to ensure timely delivery of these documents, you should make your request by May 19, 2018 to receive them before the Skyline Special Meeting. You may also read and copy any materials filed by Skyline with the Securities and Exchange Commission ( *SEC* ) by accessing the SEC's website at [www.sec.gov](http://www.sec.gov), or at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Skyline's periodic filings with the SEC may also be accessed on Skyline's website at [www.skylinecorp.com](http://www.skylinecorp.com). See *Where You Can Find More Information* on page 174.

**P.O. Box 743, 2520 By-Pass Road**

**Elkhart, Indiana 46515**

**(574) 294-6521**

**Notice of Special Meeting of Shareholders**

**To Be Held on May 29, 2018**

To the Shareholders of Skyline Corporation:

We cordially invite you to attend the Special Meeting of Shareholders (the **Special Meeting**) of Skyline Corporation (**Skyline** or the **Company**) to be held on Tuesday, May 29, 2018, at 9:00 a.m., Eastern Time, at the Fairfield Inn and Suites, located at 3501 Plaza Court, Elkhart, Indiana 46514. Skyline and Champion Enterprises Holdings, LLC (**Champion Holdings**) have entered into a Share Contribution and Exchange Agreement (the **Exchange Agreement**), dated January 5, 2018 that sets forth the terms and conditions of the proposed business combination of Skyline and the operating subsidiaries of Champion Holdings. Under the Exchange Agreement, Champion Holdings will contribute all of the issued and outstanding shares (the **Contributed Shares**) of Champion Home Builders, Inc. and CHB International B.V., its direct, wholly-owned subsidiaries (together, the **Champion Companies**), in exchange for the issuance to Champion Holdings (or its members) of Skyline Common Stock (the **Exchange Shares**) (the **Exchange**). At the Special Meeting, you will be asked to vote on the following matters:

1. **Charter Amendment Proposal.** To approve and adopt three proposals (collectively, the **Charter Amendment Proposals**) which, if approved, will amend and restate the Restated Articles of Incorporation of Skyline (the **Articles**). Such proposals are as follows:

*Articles Amendment Proposal 1A.* A proposal to amend the Articles to change the name of the Company to Skyline Champion Corporation.

*Articles Amendment Proposal 1B.* A proposal to amend the Articles to increase the number of authorized shares of Skyline's common stock, par value \$0.0277 per share (**Common Stock**), from 15,000,000 to 115,000,000.

*Articles Amendment Proposal 1C.* A proposal to amend the Articles to provide that the number of directors to serve on the Company's board of directors shall be as specified in the Company's Amended and Restated By-Laws, as may be amended from time to time.



2. *Shares Issuance.* To approve the issuance of a number of newly issued shares of Skyline Common Stock (the ***Exchange Shares*** ) in connection with the Exchange and pursuant to the Exchange Agreement, calculated to be equal to (i) an exchange ratio of 5.4516129, multiplied by (ii) the total number of shares of Skyline Common Stock outstanding on a fully diluted basis (as determined in the Exchange Agreement) as determined immediately prior to the closing of the transactions contemplated by the Exchange Agreement (the ***Shares Issuance*** ) (the proposal to approve the Shares Issuance, the ***Shares Issuance Proposal*** ). Based on the number of shares of Skyline Common Stock, calculated on a fully diluted basis (as determined in the Exchange Agreement), as of April 23, 2018, the number of Exchange Shares that would be issued pursuant to the foregoing calculation is 47,828,330 shares.
  
3. *Shareholder Advisory (Non-Binding) Vote on Exchange-Related Compensation.* A proposal to approve, on a non-binding advisory basis, the compensation payable to the named executive officers of Skyline in connection with the Exchange (the ***Exchange-Related Compensation Proposal*** ).

4. *Adjournment.* To approve the adjournment of the Special Meeting, if necessary, to permit the solicitation of additional proxies in the event there are not sufficient votes, in person or by proxy, to approve any of the above proposals (the *Adjournment Proposal* ).
  
5. *Other Matters.* To transact any other business as may properly come before the Special Meeting or any adjournments of the Special Meeting. The board of directors is not aware of any other business to come before the Special Meeting.

The enclosed proxy statement describes the Exchange Agreement, the Exchange, and the proposals set forth above in detail, and includes the complete text of the Exchange Agreement as Appendix A, and a copy of the form of the Amended and Restated Articles of Incorporation of the proposed Skyline Champion Corporation as Appendix B. We urge you to read these materials for a description of the Exchange Agreement, the Exchange, the Amended and Restated Articles of Incorporation, and the Shares Issuance. In particular, you should carefully read the section captioned *Risk Factors* beginning on page 25 of the enclosed proxy statement for a discussion of certain risk factors relating to the Exchange Agreement and the Exchange. The Amended and Restated Articles of Incorporation will not be filed with the Indiana Secretary of State or become effective unless all of the Charter Amendment Proposals are approved at the Special Meeting.

Skyline's board of directors has fixed April 23, 2018 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Special Meeting and any adjournment or postponement thereof. Only holders of record of shares of Skyline's Common Stock at the close of business on the record date are entitled to notice of, and to vote at, the Special Meeting. At the close of business on the record date, there were 8,391,244 shares of Skyline Common Stock outstanding and entitled to vote. The proxy statement accompanying this notice is deemed to be incorporated into and forms part of this notice. The accompanying proxy statement dated April 25, 2018 and proxy card for the Special Meeting are first being mailed to Skyline's shareholders on or about April 27, 2018.

Upon the recommendation of the Special Committee of Skyline's board of directors, Skyline's board of directors has unanimously approved the adoption of the Amended and Restated Articles of Incorporation and the Shares Issuance. **The board of directors of Skyline recommends that Skyline's shareholders vote (1) FOR the approval of each of Charter Amendment Proposals 1A, 1B, and 1C, (2) FOR the approval of the Shares Issuance Proposal, (3) FOR the approval of the Exchange-Related Compensation Proposal, and (4) FOR the approval of the Adjournment Proposal.**

**YOUR VOTE IS VERY IMPORTANT.** Each of the Charter Amendment Proposals must be approved by the holders of a majority of the outstanding shares of Skyline Common Stock, and in order for the Shares Issuance Proposal to be approved the votes cast by Skyline's shareholders in favor of the proposal must exceed the votes cast opposing such proposal. **IF YOU DO NOT RETURN YOUR PROXY CARD, VOTE BY TELEPHONE OR BY INTERNET, OR DO NOT VOTE IN PERSON AT THE SPECIAL MEETING, THE EFFECT WILL BE THE SAME AS A VOTE AGAINST EACH OF THE CHARTER AMENDMENT PROPOSALS.**

Whether or not you plan to attend the Special Meeting in person, we urge you to date, sign, and return promptly the enclosed proxy card in the accompanying envelope or vote by telephone or by Internet. You may revoke your proxy at any time before the Special Meeting by following the directions on the proxy card or by attending the Special Meeting and voting in person. If you hold your shares in street name with a bank, broker, or other nominee, and you wish to vote at the Special Meeting, you will need to obtain a proxy issued in your name from your bank, broker, or other nominee and bring the proxy to the Special Meeting.

Only shareholders and persons holding proxies from shareholders may attend the Special Meeting. If your shares are registered in your name, you should bring a form of photo identification to the Special Meeting. If your shares are held in the name of a broker, bank, or other nominee, you should bring a proxy or letter from that broker, bank, or other nominee that confirms you are the beneficial owner of those shares, together with a form of photo identification. Cameras, recording devices, and other electronic devices will not be permitted at the Special Meeting. All Skyline shareholders are cordially invited to attend the Special Meeting.

By Order of the Board of Directors,

Martin R. Fransted  
Corporate Controller and Secretary

Elkhart, Indiana  
April 25, 2018

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## QUESTIONS AND ANSWERS ABOUT THE EXCHANGE AND THE SKYLINE SPECIAL MEETING

Following are questions and related answers that address some of the questions you may have regarding the Exchange, the Special Meeting, and related matters. These questions and answers may not contain all of the information relevant to you, do not purport to summarize all material information relating to the Exchange, the Amended and Restated Articles of Incorporation of Skyline (the subject of the Charter Amendment Proposals), and related matters, or any of the other matters discussed in this proxy statement, and are subject to, and are qualified in their entirety by, the more detailed information contained in or attached to this proxy statement. Therefore, you should carefully read this entire proxy statement, including the attached appendices and materials to which we refer you in order to fully understand Amended and Restated Articles of Incorporation of Skyline, the Exchange Agreement, and the transactions contemplated thereby.

### **Q: What is the Exchange?**

A: Skyline and Champion Holdings have entered into the Exchange Agreement, which sets forth the terms and conditions of the proposed business combination of Skyline and the operating subsidiaries of Champion Holdings. Under the Exchange Agreement, Champion Holdings will contribute the Contributed Shares of the Champion Companies, in exchange for the Exchange Shares. A complete copy of the Exchange Agreement is attached to this proxy statement as Appendix A.

### **Q: Why are Skyline and Champion Holdings proposing to effect the Exchange?**

A: The board of directors of Skyline, or the **Board**, and the Board of Managers of Champion Holdings have unanimously approved the Exchange Agreement and the Exchange. The Board believes that the Exchange is in the best interests of Skyline, its shareholders, and other important constituents. See *The Exchange Skyline's Reasons for the Exchange; Recommendation of Skyline's Board of Directors* beginning on page 66.

### **Q: Why am I receiving these materials?**

A: The Board is furnishing this proxy statement in connection with the solicitation of proxies to be voted at the special meeting of shareholders (the **Special Meeting**), or any adjournments or postponements of the Special Meeting. You should read this document carefully as it contains important information about the Exchange, the Exchange Agreement, and the matters to be voted upon by Skyline's shareholders at the Special Meeting.

### **Q: Where and when will the Special Meeting take place?**

A: The Special Meeting will be held on Tuesday, May 29, 2018 at 9:00 a.m., Eastern Time, at the Fairfield Inn and Suites, 3501 Plaza Court, Elkhart, Indiana 46514.

### **Q: Will Skyline's shareholders receive any consideration in the Exchange?**

A: No, Skyline's shareholders will retain all of their shares of Common Stock and will not receive any consideration in the Exchange. Champion Holdings (or its members) will receive Common Stock issued by Skyline. Following the closing of the Exchange, Skyline's shareholders as of immediately prior to the completion of the Exchange will own 15.5% of the outstanding shares of Common Stock of the combined company calculated on a fully diluted basis (as determined in the Exchange Agreement). Champion Holdings (or its members) will own the remaining 84.5% of the outstanding Common Stock of the combined company. Further, the Exchange Agreement provides that, prior to the closing of the Exchange, Skyline may declare and pay a special cash dividend (the ***Pre-Closing Skyline Special Dividend***) to its shareholders in the aggregate amount of Skyline's net cash (generally defined in the Exchange Agreement as Skyline's aggregate cash and cash equivalents, less the aggregate amount of Skyline's indebtedness and debt-like items, and less Skyline's aggregate transaction expenses incurred in connection with the Exchange, each as determined as of the close of business on the last business day immediately prior to the date Skyline

gives notice of the special dividend to the NYSE American), if any. If declared, Skyline must pay the Pre-Closing Skyline Special Dividend at least one business day prior to the closing date. Based on the assumptions and calculations set forth on page 162 under the section *Unaudited Pro Forma Condensed Combined Financial Information of Skyline Champion Corporation*, the estimate of the aggregate Pre-Closing Skyline Special Dividend is approximately \$8.0 million, or \$0.95 per share of Skyline Common Stock outstanding as of April 18, 2018. The actual amount of the Pre-Closing Skyline Special Dividend may be different than the foregoing amount depending on the final values of the variables composing Skyline's net cash, as summarized above, at the time such dividend is declared.

**Q: How will Skyline's shareholders be affected by the Exchange?**

A: The Exchange will have no effect on the number of shares of Skyline Common Stock held by a current Skyline shareholder immediately prior to the completion of the Exchange. However, upon completion of the Exchange, Champion Holdings (or its members) will hold an aggregate of 84.5% of the outstanding shares of Common Stock of the combined company calculated on a fully diluted basis (as determined in the Exchange Agreement). As a result, upon the closing of the Exchange, each Skyline shareholder's respective percentage ownership of shares of Common Stock in the combined company will be diluted by virtue of the issuance of the Exchange Shares by Skyline in the Exchange.

For example, if you are a Skyline shareholder and hold 5% of the outstanding shares of Skyline Common Stock calculated on a fully diluted basis (as determined in the Exchange Agreement) immediately prior to the completion of the Exchange, and assuming you do not also hold units of Champion Holdings, then upon completion of the Exchange you will hold an aggregate of approximately 0.775% of the outstanding shares of Common Stock of the combined company calculated on a fully diluted basis (as determined in the Exchange Agreement).

**Q: How will the Exchange affect Skyline's business?**

A: Following the Exchange, Champion Holdings (or its members) will possess majority control of the combined company, the Board will consist of eleven directors, nine of whom shall be Champion Holdings appointees and two of whom shall be Skyline appointees, and members of the management of Champion Holdings immediately prior to the closing of the Exchange, along with certain members of Skyline management, will be responsible for the management of the combined company.

The combined company will remain focused on manufactured housing but will be substantially larger than Skyline alone. For a more complete discussion of the existing business of Skyline, please refer to the periodic reports and other documents Skyline files with the SEC and which are incorporated by reference into this proxy statement. See *Where You Can Find More Information* on page 174. For a more complete discussion of the existing business of Champion Holdings, see the sections entitled *Information About Champion Holdings Business* and *Management's Discussion and Analysis of Financial Condition and Results of Operations of Champion Holdings*, beginning on pages 116 and 123, respectively. In addition, you should carefully review the section entitled *Risk Factors* beginning on page 25, which present risks and uncertainties related to the businesses and operations of Skyline and Champion Holdings, and risks and uncertainties related to the Exchange.

**Q: Will the Exchange Shares be subject to any transfer restrictions?**

A: Yes. The offering and issuance of the Exchange Shares to Champion Holdings will not be registered pursuant to the Securities Act of 1933, as amended (the *Securities Act* ), in reliance on Section 4(a)(2) of the Securities Act and the Exchange Shares may not be offered or sold by the holders of those Exchange Shares absent registration or an applicable exemption from registration requirement. The Exchange Shares will carry a restrictive legend and may be resold only pursuant to Rule 144 under the Securities Act, or another exemption from registration, until such time as the restricted Exchange Shares are registered. Following the completion of the Exchange, the combined company may, in accordance with the provisions

of the Registration Rights Agreement (as defined below), be required to register the Exchange Shares with the SEC following the Exchange for public re-sale by Champion Holdings (or its members). These restrictions on Exchange Shares issued to Champion Holdings (or its members) in the Exchange will not affect the transferability of shares already held by Skyline's existing shareholders. Other than the shareholders who executed the Voting Agreement (defined below) and shareholders who may be affiliates of Skyline under the Securities Act, or otherwise hold restricted shares of Skyline Common Stock, no restrictions will be imposed by virtue of the Exchange on the shares of Skyline Common Stock currently held by Skyline's existing shareholders.

**Q: What matters will Skyline's shareholders vote upon at the Special Meeting?**

A: At the Special Meeting, Skyline's shareholders will be asked to vote upon the following proposals (collectively, the *Skyline Exchange Proposals*):

To approve and adopt three proposals (collectively, the *Charter Amendment Proposals*) which, if approved, will amend and restate the Restated Articles of Incorporation of Skyline (the *Articles*). Such proposals are as follows:

- o A proposal to amend the Articles to change the name of the Company to Skyline Champion Corporation;
- o A proposal to amend the Articles to increase the number of authorized shares of Skyline's Common Stock;
- o A proposal to amend the Articles to provide that the number of directors to serve on the Company's board of directors shall be as specified in the Company's Amended and Restated By-Laws, as may be amended from time to time;

To approve the Shares Issuance Proposal;

A proposal to approve, on a non-binding advisory basis, the compensation payable to the named executive officers of Skyline in connection with the Exchange (the *Exchange-Related Compensation Proposal*); and

To approve the adjournment of the Special Meeting, if necessary, to permit the solicitation of additional proxies in the event there are not sufficient votes, in person or by proxy, to approve any of the above proposals (the *Adjournment Proposal*).

In connection with the execution of the Exchange Agreement, the holders of approximately 18.8% of the total outstanding voting power of Skyline, as of January 5, 2018, entered into a Voting Agreement with Champion Holdings, which provide that, among other things, such shareholders will vote in favor of the above proposals and grant Champion Holdings an irrevocable proxy to vote all of their shares of Skyline Common Stock in favor of such proposals.

**Q: Am I voting to approve the Exchange itself?**

A: The Exchange itself is not subject to a vote of Skyline's shareholders, and approval of the transaction is not among the proposals being put forth in this proxy statement. However, approval of the Charter Amendment Proposals and the Shares Issuance Proposal are conditions to the consummation of the transactions contemplated by the Exchange Agreement, and the Exchange cannot be consummated unless each Charter Amendment Proposal and the Shares Issuance Proposal is approved.

**Q: Why am I being asked to cast a non-binding advisory vote on the Exchange-Related Compensation Proposal?**

A: The rules of the Securities and Exchange Commission ( *SEC* ) require Skyline to seek an advisory (non-binding) vote with respect to certain payments to be made to Skyline's named executive officers in connection with the Exchange.



**Q: What will happen if Skyline's shareholders do not approve the Exchange-Related Compensation Proposal at the Special Meeting?**

A: Approval of the Exchange-Related Compensation Proposal is not a condition to the completion of the Exchange. The vote with respect to the Exchange-Related Compensation Proposal is an advisory vote and will not be binding on Skyline (or the combined company following the closing of the Exchange). Accordingly, as such compensation is contractual, such compensation will become payable if the Exchange is completed regardless of the outcome of the advisory vote.

**Q: Why is Skyline seeking to amend the Articles to increase the number of authorized shares of its Common Stock?**

A: In addition to the shares needed to complete the Exchange, the Board desires to have additional shares of Common Stock available to provide the combined company with the flexibility to use its Common Stock for business, financial, and compensatory purposes in the future.

**Q: Why is Skyline seeking to amend the Articles to change the name of the Company to Skyline Champion Corporation ?**

A: Both Skyline and Champion Holdings believe that the name change will allow for recognition of the combined company to preserve the brand and market awareness of each of Skyline and the Champion Companies following the completion of the Exchange.

**Q: What constitutes a quorum for purposes of the Special Meeting?**

A: As of April 23, 2018, the record date for the Special Meeting, there were 8,391,244 shares of Skyline Common Stock issued and outstanding. Shareholders who hold a majority of the outstanding shares of Skyline Common Stock as of the close of business on the record date for the Special Meeting must be present, either in person or by proxy, in order to constitute a quorum to conduct business at the Special Meeting.

**Q: What are the vote requirements to approve the matters that will be considered at the Special Meeting?**

A: At the Special Meeting, approval of each of the Charter Amendment Proposals requires the affirmative vote of the holders of a majority of the outstanding shares of Skyline Common Stock. If you fail to vote, either in person or by proxy, or you attend the Special Meeting or deliver a proxy but abstain from voting, or you do not instruct your broker or other nominee how to vote your shares, the resulting non-attendance, abstention, or broker non-vote will have the same effect as a vote AGAINST the approval of these proposals. None of the Charter Amendment Proposals will be adopted unless each of them is approved.

In order for each of the Shares Issuance Proposal, the advisory vote on the Exchange-Related Compensation Proposal, and the Adjournment Proposal to be approved at the Special Meeting, the votes cast by Skyline's shareholders in favor of each such proposal must exceed the votes cast opposing such proposal. Abstentions and broker non-votes will have

no impact on the outcome of the votes on these proposals.

**Q: What other conditions must be satisfied or waived to complete the Exchange?**

A: In addition to obtaining the approval by Skyline's shareholders of the Charter Amendment Proposals and Share Issuance Proposals to be voted on at the Special Meeting, each of the other closing conditions contained in the Exchange Agreement must be either satisfied or waived in order for the Exchange to be completed. Such additional closing conditions include, without limitation, (i) the receipt of all required regulatory approvals (without the imposition of any burdensome divestiture condition on the parties, as described in the Exchange Agreement); (ii) the absence of any law, order, or legal injunction which prohibits the consummation of the Exchange and the absence of certain other litigation matters; (iii) the NYSE American listing application for the Exchange Shares shall have been conditionally approved;

(iv) the accuracy of the parties' respective representations and warranties and the performance of their respective obligations; (v) the absence of the occurrence of a material adverse effect with respect to each of Skyline and Champion Holdings, and their subsidiaries, each taken as a whole, between the date of the Exchange Agreement and closing; and (vi) certain other customary conditions.

For a more complete discussion regarding the conditions to the completion of the Exchange under the Exchange Agreement, see *The Exchange Agreement - Conditions to the Completion of the Exchange* beginning on page 110.

**Q: When do Skyline and Champion Holdings currently expect to complete the Exchange?**

A: Skyline and Champion Holdings expect to complete the Exchange as soon as possible following the approval of the Skyline Exchange Proposals, assuming the satisfaction or waiver of all other closing conditions contained in the Exchange Agreement, which we currently expect to occur in the first half of 2018. It is possible, however, that factors outside of each company's control could require them to complete the Exchange at a later time or not complete it at all.

**Q: What risks should I consider in deciding whether to vote in favor of the Skyline Exchange Proposals?**

A: You should read and carefully consider the risk factors set forth in the section entitled *Risk Factors* beginning on page 25 of this proxy statement. You should also read and carefully consider the risk factors of Skyline contained in the documents that are incorporated by reference into this proxy statement. See the section entitled *Where You Can Find More Information* beginning on page 174 of this proxy statement.

**Q: What are the material U.S. federal income tax consequences of the Exchange to Skyline's shareholders?**

A: Because Skyline's shareholders will continue to own and hold their existing shares of Skyline Common Stock following the Exchange, the Exchange generally will not result in U.S. federal income tax consequences to current Skyline shareholders.

**Q: What are the material U.S. federal income tax consequences of the Pre-Closing Skyline Special Dividend to Skyline's shareholders?**

A: The Pre-Closing Skyline Special Dividend will be characterized as a dividend for U.S. federal income tax purposes to the extent paid out of Skyline's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. The Pre-Closing Skyline Special Dividend will generally be taxed at ordinary income tax rates, but for a non-corporate U.S. shareholder, the amount of the Pre-Closing Skyline Special Dividend that is treated as a dividend for U.S. federal income tax purposes generally will be eligible under current law for a reduced tax rate if certain holding period and other requirements are satisfied. For a corporate U.S. shareholder, the amount of the Pre-Closing Skyline Special Dividend that is treated as a dividend for U.S. federal income tax purposes will be eligible for the dividends-received deduction if such shareholder meets certain holding period and other applicable requirements. Skyline does not expect that the Pre-Closing Skyline Special Dividend will exceed Skyline's current and accumulated earnings and profits. To the extent the

Pre-Closing Skyline Special Dividend exceeds Skyline's current and accumulated earnings and profits, the excess will first reduce the U.S. shareholder's basis in the Skyline Common Stock, but not below zero, and then will be treated as gain from the sale of the shareholder's Common Stock. Payment of the Pre-Closing Skyline Special Dividend may be subject to information reporting and backup withholding at the applicable rate (currently 24%) if certain requirements are not met. See *Material U.S. Federal Income Tax Consequences of the Pre-Closing Special Dividend to Holders of Skyline Common Stock* beginning on page 90.

Your tax consequences will depend on your personal situation. You should consult your tax advisor for a full understanding of the tax consequences of the Pre-Closing Skyline Special Dividend to you.

**Q: Do I have dissenters' rights with respect to the Skyline Exchange Proposals?**

A: No. Dissenters' rights of appraisal do not apply to the Exchange under the Indiana Business Corporation Law.

**Q: Who can attend and vote at the Special Meeting?**

A: All Skyline shareholders of record as of the close of business on April 23, 2018, the record date for the Special Meeting, are entitled to receive notice of, and to vote at, the Special Meeting, or any postponement of adjournment of the Special Meeting scheduled in accordance with Indiana law.

**Q: What do I need to do now, and how do I vote?**

A: After you have carefully read this proxy statement and have decided how you wish to vote your shares, please vote your shares promptly. You may vote your shares in one of four ways:

*By Mail.* You may vote by mailing your signed Skyline proxy card in the enclosed return envelope. Please provide your proxy instructions as soon as possible so that your shares can be voted at the Special Meeting.

*By Internet or Telephone.* Follow the instructions on the Skyline proxy card to vote by Internet or telephone.

*In Person at the Special Meeting.* If you attend the Special Meeting, you may deliver your completed Skyline proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

If you hold your stock through a bank or broker (commonly referred to as held in street name), you may direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. Voting by proxy or directing your bank or broker to vote your shares will ensure that your shares of Common Stock are represented and voted at the Special Meeting.

**Q: If my shares of Skyline Common Stock are held in street name by my broker or other nominee, will my broker or nominee vote my shares for me?**

A: If your Skyline shares are held in street name in a brokerage account or by another nominee, your broker or nominee will not be able to vote your shares without instructions from you. Please follow the voting instructions provided by your broker or other nominee. If you hold your Skyline shares in street name with a broker or nominee and you do not provide instructions to your broker or nominee on how to vote, your broker or nominee will not be able to vote your shares, and this will have the same practical effect as a vote AGAINST the Charter Amendment Proposals, but will have no impact on the Shares Issuance Proposal, the Exchange-Related

Compensation Proposal, or the Adjournment Proposal. Please note that you may not vote shares held in street name by returning a proxy card directly to Skyline or by voting in person at the Special Meeting unless you provide a legal proxy, which you must obtain from your broker or other nominee. Obtaining a proxy from your broker or other nominee can take several days, so you are encouraged to plan accordingly.

**Q: Should I send in my Skyline stock certificates?**

A: No. Skyline shareholders are not required to tender or exchange their stock certificates in connection with the Exchange.

**Q: Can I attend the Special Meeting and vote my shares in person?**

A: Yes. All Skyline shareholders are invited to attend the Special Meeting. If your shares of Skyline Common Stock are registered directly in your name with Skyline's transfer agent, you are considered, with respect to

those shares, the shareholder of record, and the proxy materials and proxy card are being sent directly to you by Skyline. If you are a Skyline shareholder of record, you may attend the Special Meeting and vote your shares in person, rather than signing and returning your proxy card. If your shares of Skyline Common Stock are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you together with a voting instruction card. As the beneficial owner, you are also invited to attend the Special Meeting. However, because a beneficial owner is not the shareholder of record, you may not vote your shares in person at the Special Meeting unless you obtain a legal proxy from the broker or other nominee that holds your shares giving you the right to vote the shares in person at the Special Meeting. Skyline reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

**Q: What happens if I do not vote?**

A: Because the required vote of Skyline's shareholders to approve each of the Charter Amendment Proposals is based upon the number of issued and outstanding shares of Skyline Common Stock, rather than upon the number of shares actually voted, abstentions from voting and broker non-votes will have the same practical effect as a vote AGAINST the approval and adoption of each respective Charter Amendment Proposal. However, abstentions and broker non-votes will have no effect on the Shares Issuance Proposal, the Exchange-Related Compensation Proposal, or the Adjournment Proposal. If you return a properly signed proxy card but do not indicate how you want to vote, your proxy will be counted as a vote FOR the approval and adoption of each of the Skyline Exchange Proposals.

**Q: Can I change my vote before the Special Meeting?**

A: Yes. If you are a Skyline shareholder of record, there are three ways for you to revoke your proxy and change your vote. First, you may send written notice to Skyline's Corporate Secretary before the Special Meeting stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card before the Special Meeting that is dated later than the date of your prior proxy card. If you submitted your proxy by Internet or by telephone, you can change your vote by voting over the Internet or by telephone. Third, you may vote in person at the Special Meeting. Merely being present at the Special Meeting, without voting at the meeting, will not constitute a revocation of a previously given proxy. If you hold your shares in street name with a bank, broker, or other nominee, you must follow the directions you receive from your bank, broker, or nominee to change your vote.

**Q: What happens if I sell my Skyline shares after the record date but before the Special Meeting?**

A: If you sell or otherwise transfer your Skyline Common Stock after the record date but before the date of the Special Meeting, you will retain your right to vote at the Special Meeting (provided that such shares remain outstanding on the date of the Special Meeting).

**Q: Who is paying for this proxy solicitation?**

- A: Skyline will bear the cost and expense of preparing, assembling, printing, and mailing this proxy statement, any amendments thereto, the proxy card, and any additional information furnished to the Skyline shareholders, including any fees paid to the SEC. Skyline may also reimburse brokers and other custodians, nominees, and fiduciaries for their costs of soliciting and obtaining proxies from beneficial owners, including the costs of reimbursing brokers and other custodians, nominees, and fiduciaries for their costs of forwarding this proxy statement and other solicitation materials to beneficial owners. In addition, proxies may be solicited without extra compensation by directors, officers, and employees of Skyline by mail, telephone, fax, or other methods of communication. Skyline has retained Georgeson Inc. ( *Georgeson* ) to assist Skyline in the solicitation of proxies from Skyline shareholders in connection with the Special Meeting. Skyline has agreed to pay Georgeson \$12,500, plus out-of-pocket expenses, for these proxy solicitation services.



**Q: What should I do if I receive more than one proxy statement or set of voting instructions?**

A: If you hold your Skyline shares directly as a record holder and also in street name or otherwise through a bank, broker, or nominee, you may receive more than one proxy statement and/or set of voting instructions relating to the Special Meeting. These should each be voted and/or returned separately in order to ensure that all of your shares are voted.

**Q: Who should I contact if I have other questions about the Exchange Agreement or the Exchange?**

A: If you have more questions about the Exchange Agreement or the Exchange, you should contact:  
Skyline Corporation

P.O. Box 743, 2520 By-Pass Road

Elkhart, Indiana 46515

(574) 294-6521

Attention: Jon S. Pilarski, Chief Financial Officer

You may also contact:

Georgeson, Inc.

1290 Avenue of the Americas, 9<sup>th</sup> Floor

New York, NY 10104

Toll Free: (866) 391-7007

## SUMMARY

*The following summary highlights selected information in this proxy statement and may not contain all the information that may be important to you. Accordingly, to better understand the Exchange and the proposals to be considered at the Special Meeting, we encourage you to carefully read this entire proxy statement, its appendices, and the documents referred to in this proxy statement, including the Exchange Agreement attached as Appendix A and the opinion of Jefferies LLC ( **Jefferies** ) attached as Appendix C, before you decide how to vote. You may obtain the information referred to in this proxy statement without charge by following the instructions under *Where You Can Find More Information* beginning on page 174.*

### **The Companies**

#### ***Skyline Corporation***

***P.O. Box 743, 2520 By-Pass Road***

***Elkhart, Indiana 46515***

***(574) 294-6521***

Skyline Corporation was originally incorporated in Indiana in 1959, as successor to a business founded in 1951. Skyline and its consolidated subsidiaries designs, produces, and markets manufactured housing, modular housing, and park models to independent dealers and manufactured housing communities located throughout the United States and Canada. Manufactured housing is built to standards established by the U.S. Department of Housing and Urban Development ( **HUD** ), modular homes are built according to state, provincial, or local building codes, and park models are built according to specifications established by the American National Standards Institute. Skyline sold 3,679 manufactured homes, 313 modular homes, and 447 park models in fiscal 2017.

Skyline's housing products are marketed under a number of trademarks. They are available in lengths ranging from 30 to 76' and in singlewide widths from 12' to 18', doublewide widths from 18' to 32', and triplewide widths from 36' to 46'. The area of a singlewide ranges from approximately 400 to 1,200 square feet, a doublewide from approximately 700 to 2,400 square feet, and a triplewide from approximately 1,600 to 2,900 square feet.

Skyline's Common Stock is traded on the NYSE American under the trading symbol **SKY**. At March 4, 2018, Skyline had total assets of \$58.44 million and total shareholder's equity of \$31.31 million. For the year ended May 31, 2017, Skyline had net sales of \$236.50 million and net income of \$5 thousand, and for the three- and nine-months ended March 4, 2018, Skyline had net sales of \$57.98 million and \$174.21 million, respectively, and net income of \$1.22 million and \$5.79 million, respectively.

Skyline's website address is [www.skylinecorp.com](http://www.skylinecorp.com). Information contained in, or accessible through, Skyline's website does not constitute a part of this proxy statement. Additional information about Skyline and its subsidiaries is included in documents incorporated by reference into this document. For more information, please see the section entitled *Where You Can Find More Information* beginning on page 174.

#### ***Champion Enterprises Holdings, LLC***

***755 West Big Beaver Road, Suite 1000***

***Troy, Michigan 48084***

**(248) 614-8200**

Champion Enterprises Holdings, LLC was formed in 2010 as the parent company of Champion Home Builders, Inc. ( **CHB** ) which was founded in 1953. CHB specializes in a wide variety of manufactured and

modular homes, park-model RVs, and modular buildings for the multi-family, hospitality, senior, and workforce housing sectors. The company operates 28 manufacturing facilities throughout North America. Additionally, Champion Holdings operates a factory-direct retail business, Titan Factory Direct ( *Titan* ), with 21 retail locations spanning the southern U.S., and Star Fleet Trucking ( *Star Fleet* ) which provides transportation services to the manufactured housing industry from ten dispatch locations across the United States. Champion Holdings is majority owned by funds affiliated with Bain Capital Credit, Centerbridge Partners, L.P., and MAK Capital (collectively referred to as the *Sponsors* ).

### **Special Meeting of Skyline s Shareholders; Required Vote (page 44)**

The Special Meeting is scheduled to be held on Tuesday, May 29, 2018, at 9:00 a.m., Eastern Time, at the Fairfield Inn and Suites, located at 3501 Plaza Court, Elkhart, Indiana 46514. At the Special Meeting, Skyline s shareholders will be asked to vote to approve each of the Company Charter Amendment Proposals and the Shares Issuance Proposal, as contemplated by the Exchange Agreement. You also will be asked to approve the Exchange-Related Compensation Proposal and the Adjournment Proposal. Only Skyline shareholders of record as of the close of business on April 23, 2018 are entitled to notice of, and to vote at, the Special Meeting and any adjournments or postponements of the Special Meeting.

As of April 23, 2018, the directors and executive officers of Skyline, and their affiliates, owned and were collectively entitled to vote 1,445,864 shares or approximately 17.2% of the 8,391,244 outstanding shares of Skyline Common Stock. In connection with the execution of the Exchange Agreement, all of the directors and certain executive officers of Skyline executed a Voting Agreement pursuant to which they agreed to vote all of their shares of Common Stock in favor of the Company Charter Amendment Proposals and the Shares Issuance Proposal. A copy of that Voting Agreement is attached as Appendix D to this proxy statement.

Approval of each of the Charter Amendment Proposals requires the affirmative vote of the holders of a majority of the outstanding shares of Skyline Common Stock. None of the Charter Amendment Proposals will be adopted unless each of them is approved. Approval of the Shares Issuance Proposal, Exchange-Related Compensation Proposal, and the Adjournment Proposal each require more votes to be cast in favor of the proposal than are cast against it.

### **The Exchange (page 53)**

Skyline and Champion Holdings have entered into the Exchange Agreement, which provides that, subject to the terms and conditions contained therein, at the completion of the Exchange, Champion Holdings will contribute all of the issued and outstanding shares of the Champion Companies in exchange for the issuance to Champion Holdings (or its members) of Skyline Common Stock. The Board of Skyline and the board of managers of Champion Holdings have each unanimously approved the Exchange.

### **Recommendation of the Board of Directors of Skyline; Reasons for the Exchange (page 66)**

The Board, after considering the factors described in the section entitled *The Exchange Skyline s Reasons for the Exchange; Recommendation of Skyline s Board of Directors* beginning on page 66, has approved the Exchange Agreement and the transactions contemplated thereby, including the Exchange. The Board, acting upon the unanimous recommendation of the Special Committee of the Board, has determined that the Exchange Agreement and the transactions contemplated thereby, including the Exchange, are advisable, fair to, and in the best interests of, Skyline and its shareholders, and therefore recommends that the Skyline shareholders vote **FOR** each of Charter Amendment Proposals 1A, 1B, and 1C, **FOR** the Shares Issuance Proposal, **FOR** the approval of the Exchange-Related Compensation Proposal, and **FOR** the Adjournment Proposal as described in this proxy statement. For a more complete discussion of the recommendations of the Board and its reasons for the Exchange, see the section entitled *The Exchange Skyline s Reasons for the Exchange; Recommendation of Skyline s Board of Directors* beginning on

page 66.

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## **Opinion of Skyline's Financial Advisor (page 70)**

Skyline retained Jefferies as its financial advisor in connection with a possible sale or other strategic transaction involving Skyline. In connection with this engagement, the Board requested that Jefferies evaluate the fairness, from a financial point of view, to Skyline of the aggregate number of Exchange Shares to be issued by Skyline (the *Exchange Consideration*) in connection with the Exchange. On January 4, 2018, Jefferies rendered its opinion to the Board to the effect that, as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations and qualifications on the scope of the review undertaken by Jefferies, as described more fully in the section of this proxy statement entitled *Opinion of the Financial Advisor to the Skyline Board of Directors*, the Exchange Consideration to be issued by Skyline pursuant to the Exchange Agreement was fair, from a financial point of view, to Skyline.

**The full text of Jefferies' written opinion, dated January 4, 2018, is attached to this proxy statement as Appendix C. Jefferies' opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Jefferies in rendering its opinion. Skyline encourages you to read Jefferies' opinion carefully and in its entirety. Jefferies' opinion was directed to the Board and addresses only the fairness, from a financial point of view, as of the date of the opinion of the Exchange Consideration to be issued by Skyline pursuant to the Exchange Agreement. It does not address any other aspect of the Exchange or constitute a recommendation as to how any shareholder should vote or act with respect to the Exchange or any matter related thereto.**

## **Overview of the Exchange Agreement**

### *The Exchange (page 53)*

Following the completion of the Exchange, Champion Holdings (or its members) is expected to receive shares of Skyline Common Stock representing 84.5% of the outstanding shares of Skyline Common Stock calculated on a fully diluted basis (as determined in the Exchange Agreement) and current shareholders of Skyline as of immediately prior to the completion of the Exchange are expected to own 15.5% of the outstanding shares of Skyline Common Stock calculated on a fully diluted basis (as determined in the Exchange Agreement). Skyline shareholders will not receive any consideration in the Exchange.

### *Conditions to Completion of the Exchange (page 110)*

To complete the Exchange, the Skyline shareholders must approve the issuance of shares of Skyline Common Stock to Champion Holdings (or its members) in connection with the Exchange and approve amendments to the restated articles of incorporation of Skyline to provide for, among other things, the change in the name of Skyline to Skyline Champion Corporation and an increase in the number of authorized shares of Skyline Common Stock. In addition to obtaining such shareholder approvals, each of the other completion conditions set forth in the Exchange Agreement must be satisfied or waived.

***No Solicitation (page 106)***

The Exchange Agreement contains provisions requiring Skyline to cease all existing discussions or negotiations with any third parties in respect of any acquisition proposal, as defined in the Exchange Agreement, and prohibiting Skyline from seeking an acquisition proposal subject to specified exceptions described in the Exchange Agreement. Under these no-shop provisions, Skyline has agreed, subject to specified exceptions, that neither it nor its subsidiaries, if applicable, nor any of its or their respective officers, directors, employees, agents, or other representatives will, directly or indirectly:

solicit, initiate, cooperate with, knowingly encourage, induce, or facilitate any other inquiries or the making, submission or announcement of an acquisition proposal or take any action that could reasonably be expected to lead to an acquisition proposal;

furnish any nonpublic information regarding Skyline or any of its subsidiaries to any person in connection with or in response to an acquisition proposal or an inquiry or indication of interest that could reasonably be expected to lead to an acquisition proposal;

engage in discussions or negotiations with any person with respect to an acquisition proposal;

approve, endorse, or recommend any acquisition proposal;

enter into any letter of intent, memorandum of understanding, acquisition agreement, merger agreement or similar document or any agreement providing for or otherwise relating to, or that is intended to or could reasonably be expected to lead to, any acquisition transaction (other than entry into certain confidentiality agreements, as described in the Exchange Agreement); or

grant any waiver, amendment, or release under, or fail to use commercially reasonable efforts to enforce, any standstill or confidentiality agreement concerning an acquisition proposal.

***Termination of the Exchange Agreement (page 112)***

Either Skyline or Champion Holdings can terminate the Exchange Agreement under certain circumstances, which would prevent the Exchange from being completed.

***Termination Fees and Expenses (page 113)***

Upon the termination of the Exchange Agreement under specified circumstances, and upon Skyline entering into or completing another acquisition transaction within 12 months after termination of the Exchange Agreement, Skyline may be required to pay Champion Holdings a termination fee of \$10 million. Upon the termination of the Exchange Agreement under certain specified circumstances, Skyline may be required to pay Champion Holdings up to \$2 million as reimbursement for fees and expenses incurred by Champion in connection with the Exchange Agreement.

***Voting Agreement (page 88)***

In connection with the execution of the Exchange Agreement, all of the members of the Board and certain executive officers of Skyline, in their capacities as Skyline shareholders, entered into a voting agreement (the ***Voting Agreement*** ) with Champion Holdings pursuant to which each shareholder agreed, among other things, to vote his shares of Skyline Common Stock in favor of the proposals that relate to the Exchange described elsewhere in this proxy statement and not, directly or indirectly, take any action in his capacity as a shareholder



to, among other things, solicit, initiate, cooperate with, knowingly encourage, induce or facilitate any inquiries or the making, submission or announcement of any alternative acquisition proposal, or approving, endorsing or recommending any agreement, transaction or action that would reasonably be expected to impede, interfere with, delay, discourage or affect the consummation of the Exchange or result in a breach of the Exchange Agreement or the Voting Agreement. The Voting Agreement grants Champion Holdings irrevocable proxies to vote any shares of Skyline Common Stock over which such shareholder has voting power in favor of each of the proposals described elsewhere in this proxy statement and against any alternative acquisition proposal, agreement, transaction or action. The Voting Agreement does not constitute an agreement to exercise or direct the exercise of the voting power of Skyline in the election of directors of Skyline.

Under the Voting Agreement, each shareholder has made representations and warranties to Champion Holdings regarding ownership and unencumbered title to the shares thereto, such shareholder's power and authority to execute the voting agreement, and due execution and enforceability of the Voting Agreement. Unless otherwise waived, until the earlier of the completion of the Exchange or the termination of the Exchange Agreement, the Voting Agreement prohibits the sale, assignment, transfer or other disposition by each shareholder of his respective shares of Skyline Common Stock or the entrance into an agreement or commitment to do any of the foregoing, except for transfers to family members or by will or for charitable purposes, in which case the Voting Agreement will bind the transferee. The Voting Agreement restricts the ability of Arthur J. Decio from directly or indirectly acquiring, by purchase or otherwise, any additional shares of Skyline prior to the expiration of the Voting Agreement.

The Voting Agreement will terminate at the earlier of (i) the completion of the Exchange, (ii) if the Skyline Board, in accordance with the Exchange Agreement, changes its recommendation that Skyline shareholders vote in favor of the Exchange Proposals, upon such change of recommendation, (iii) termination of the Exchange Agreement in accordance with its terms, or (iv) upon mutual written consent, in respect of any shareholder, of such shareholder and Champion Holdings.

#### **Ancillary Agreements to be Entered into in Connection with the Exchange (page 115)**

##### ***Registration Rights Agreement (page 115)***

In connection with the closing, Skyline, Champion Holdings, the Sponsors, and Arthur J. Decio, Skyline's founder and a member of Skyline's Board of Directors, will enter into a registration rights agreement (the ***Registration Rights Agreement***) providing for, among other things, customary demand and piggyback registration rights in favor of Champion Holdings and the Sponsors in connection with the shares of Skyline's Common Stock received (or which they may receive) in the Exchange. Under the Registration Rights Agreement, Mr. Decio also will have piggyback registration rights with respect to the shares he holds in the combined company after the closing. See *Ancillary Agreements to be Entered into in Connection with the Exchange - Registration Rights Agreement* beginning on page 115.

##### ***Investor Rights Agreement (page 115)***

In connection with the closing, Skyline, Champion Holdings, and the Sponsors will enter into an investor rights agreement (the ***Investor Rights Agreement***) providing for, among other things, certain agreements between the parties to the agreement relating to the composition of the board of directors of the post-closing combined company, and certain rights to information regarding the post-closing combined company in favor of the Sponsors. See *Ancillary Agreements to be Entered into in Connection with the Exchange - Investor Rights Agreement* beginning on page 115.



***Transition Services Agreement (page 115)***

In connection with the closing, Skyline and Champion Holdings will enter into a transition services agreement governing, among other things, the provision of certain administrative, accounting, professional, and similar services by the combined company to Champion Holdings during a transition period commencing on the closing date of the Exchange. See *Ancillary Agreements to be Entered into in Connection with the Exchange Transition Services Agreement* beginning on page 115.

**Management Following the Exchange (page 169)**

The board of directors of the combined company following the Exchange will comprise 11 members, nine of whom will be directors designated by Champion Holdings and two of whom will be designated by the current Board. Members of the management of Champion Holdings immediately prior to the completion of the Exchange, along with any newly appointed members of management, will be responsible for the management of the combined company.

**Interests of Certain Directors, Officers, and Affiliates of Skyline (page 78)**

In considering the recommendation of the Board with respect to issuing shares of Skyline Common Stock pursuant to the Exchange Agreement and the other matters to be acted upon by Skyline's shareholders at the Special Meeting, Skyline's shareholders should be aware that the named executive officers of Skyline have interests in the Exchange that may be different from, or in addition to, interests they have as Skyline shareholders. The Board was aware of these interests and considered them, among other matters, in its decision to approve the Exchange Agreement. For example, as a result of the Exchange, Richard W. Florea, the Chief Executive Officer of Skyline, will be entitled to receive certain severance benefits, including a cash severance payment currently estimated to be \$556,200, and the accelerated vesting (immediately prior to the closing of the Exchange) of 181,400 outstanding and unvested stock options and 42,000 shares of unvested restricted stock. In addition, in connection with the closing of the Exchange, 19,800 outstanding and unvested stock options and 3,000 shares of unvested restricted stock held by Jeffrey A. Newport, the Chief Operating Officer of Skyline, will vest immediately prior to the closing of the Exchange.

The Exchange Agreement also provides that, at or prior to the closing of the Exchange, Skyline will take all actions under its 1989 Deferred Compensation Plan such that, upon the closing of the Exchange, all benefits payable under the plan to Jon S. Pilarski, the Vice President, Finance & Treasurer, Chief Financial Officer of Skyline will become fully vested. Under the terms of the plan, Mr. Pilarski is entitled to an annual retirement payment amount of \$60,000, and an annual death benefit amount of \$40,000, which will become fully vested upon the closing of the Exchange. Terrence M. Decio, Skyline's Vice President, Marketing and Sales, and Martin R. Fransted, Skyline's Corporate Controller and Secretary, are also entitled to vested annual death benefit payments and deferred compensation payments of \$75,000 each, and Mr. Fransted is entitled to an annual death benefit payment of \$30,000 and an annual deferred compensation payment of \$40,000 pursuant to the terms of the plan. Skyline's Board has approved an amendment to the 1989 Deferred Compensation Plan to prevent a termination of the plan prior to the date upon which the final payment under the plan is scheduled to occur, and preventing the amendment provision itself from being further amended without the prior consent of all the plan's participants.

Also under the Exchange Agreement, if either of Mr. Newport or Mr. Pilarski is still employed by Skyline as of the closing of the Exchange, and if the employment of either of them is terminated by the combined company, other than for cause, within 12 months after the closing of the Exchange, then the individual whose employment is terminated will be entitled to receive severance payments. Mr. Newport would be entitled to receive severance pay equal to 26 weeks of pay, at his base rate of pay in effect at the time of his termination of



employment (which is currently estimated to result in a payment of \$125,000), and Mr. Pilarski would be entitled to receive severance pay equal to 52 weeks of pay, at his base rate of pay in effect at the time of his termination of employment (which is currently estimated to result in a payment of \$229,500).

The Exchange Agreement also provides that salaried employees of Skyline or any of its subsidiaries as of the closing who are still employed by Skyline or a subsidiary as of the closing of the Exchange and whose employment with Skyline or the combined company is terminated by the combined company, other than for cause, within 12 months after closing, and who sign and deliver a termination and release agreement, would be entitled to severance pay equal to one week of pay, at their base rate of pay in effect at the time of termination, for each full year of continuous service with Skyline and the surviving company, with a minimum of four weeks and a maximum of 26 weeks. Under these provisions, Mr. Decio, Mr. Fransted, and Robert C. Davis, Skyline's Vice President, Manufacturing, would receive cash severance payments currently estimated to be \$122,400, \$77,520, and \$52,177, respectively.

### **Indemnification of Skyline's Directors and Officers (page 109)**

Following the completion of the Exchange, the directors and executive officers of Skyline will have the right to continued indemnification to the same extent that Skyline is currently bound to indemnify such persons against certain losses pertaining to matters existing or occurring prior to the completion of the Exchange.

### **Material U.S. Federal Income Tax Consequences of the Exchange and Pre-Closing Skyline Special Dividend (pages 89 and 90)**

Each of Skyline and Champion Holdings intends the Exchange to qualify as a transaction described in Section 351 of the Internal Revenue Code of 1986, as amended (the *Code*), existing and proposed regulations thereunder, and published rulings and decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Because the current Skyline shareholders will continue to own and hold their existing shares of Skyline Common Stock following the Exchange, the Exchange generally will not result in U.S. federal income tax consequences to current Skyline shareholders. Current Skyline shareholders who are also owners of Champion Holdings, if any, should consult their tax advisor as to the tax consequences to them of participating in the Exchange as an owner of Champion Holdings.

The Pre-Closing Skyline Special Dividend will be characterized as a dividend for U.S. federal income tax purposes to the extent paid out of Skyline's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. The Pre-Closing Skyline Special Dividend will generally be taxed at ordinary income tax rates, but for a non-corporate U.S. shareholder, the amount of the Pre-Closing Skyline Special Dividend that is treated as a dividend for U.S. federal income tax purposes generally will be eligible under current law for a reduced tax rate if certain holding period and other requirements are satisfied. For a corporate U.S. shareholder, the amount of the Pre-Closing Skyline Special Dividend that is treated as a dividend for U.S. federal income tax purposes will be eligible for the dividends-received deduction if such shareholder meets certain holding period and other applicable requirements. Skyline does not expect that the Pre-Closing Skyline Special Dividend will exceed Skyline's current and accumulated earnings and profits. To the extent the Pre-Closing Skyline Special Dividend exceeds Skyline's current and accumulated earnings and profits, the excess will first reduce the U.S. shareholder's basis in the Skyline Common Stock, but not below zero, and then will be treated as gain from the sale of the shareholder's Common Stock. Payment of the Pre-Closing Skyline Special Dividend may be subject to information reporting and backup withholding at the applicable rate (currently 24%) if certain requirements are not met.



### **Risk Factors (page 25)**

In evaluating the Exchange and the Exchange Agreement, you should read this proxy statement carefully, including the appendices attached hereto, and especially consider certain factors, risks, and uncertainties discussed in the section entitled *Risk Factors*.

### **Regulatory Approvals (page 87)**

Under the Exchange Agreement and the provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the *HSR Act*), the Exchange may not be consummated until notification and report forms have been filed with the Federal Trade Commission (*FTC*) and Antitrust Division of the U.S. Department of Justice (*DOJ*) by Skyline and Champion Holdings, and the applicable waiting period has expired or been terminated without the imposition of a burdensome condition. The DOJ also may review the impact of the Exchange on competition and challenge it. Skyline and Champion Holdings filed their respective HSR Act notifications on January 19 and 22, 2018, respectively. Because the shares of Skyline Common Stock to be issued in the Exchange may be issued directly to the members of Champion Holdings, each of the members of Champion Holdings who would be required to file an HSR Act notification filed their respective HSR Act notifications on January 22, 2018. Subsequently, Skyline, Champion Holdings, and the members of Champion Holdings elected to voluntarily withdraw and re-file each of their Premerger Notification and Report Forms, in order to restart the initial waiting period under the HSR Act and thereby provide the FTC additional time to review the proposed transaction. Accordingly, Skyline, Champion Holdings, and certain of the members of Champion Holdings each withdrew its initial filing effective February 21, 2018 and re-filed on February 23, 2018. The applicable waiting period under the HSR Act expired on March 26, 2018 at 11:59 p.m., Eastern Time. Skyline must also comply with applicable federal and state securities laws and the rules and regulations of the NYSE American in connection with the issuance of shares of Skyline Common Stock and the filing of this proxy statement with the SEC.

### **Stock Market Listing (page 89)**

Skyline Common Stock currently is listed on the NYSE American. Under the Exchange Agreement, Skyline has agreed to use its reasonable best efforts to cause the shares of Skyline Common Stock issuable in the Exchange to be approved, at or prior to the completion of the Exchange, for listing (subject only to notice of issuance) on the NYSE American at and following the completion of the Exchange. The conditional approval of the listing application in respect of the shares of Skyline Common Stock issuable in the Exchange by the NYSE American is a condition to Skyline's and Champion Holdings' obligation to complete the Exchange. However, Skyline and Champion Holdings anticipate that the common stock of the combined company will be listed on the New York Stock Exchange (*NYSE*) following the completion of the Exchange under the trading symbol *SKY*.

In this regard, Skyline will be filing an initial listing application and listing agreement as required by the NYSE in anticipation of the closing of the Exchange.

### **Anticipated Accounting Treatment (page 89)**

This transaction will be treated as a reverse acquisition under the purchase method of accounting for business combinations in accordance with accounting principles generally accepted in the United States of America (*GAAP*). For accounting purposes, Champion Holdings is considered to be the accounting acquiror, despite Skyline issuing shares of its Common Stock in the Exchange, and Skyline is considered the acquiror for legal purposes.





**No Dissenters Rights (page 91)**

Holders of Skyline Common Stock are not entitled to dissenters rights of appraisal in connection with the Exchange.

**Additional Information (page 174)**

You can find more information about Skyline in the periodic reports and other information we file with the SEC. The information is available at the SEC's public reference facilities and at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). For a more detailed description of the additional information available, see *Where You Can Find More Information* beginning on page 174.

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**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF SKYLINE**

The following selected historical financial data of Skyline as of and for the nine months ended March 4, 2018 and February 28, 2017 have been derived from the unaudited consolidated financial statements of Skyline that are incorporated by reference into this proxy statement. Skyline's management believes that the unaudited financial statements reflect all normal and recurring adjustments necessary for a fair presentation of the results as of and for the interim periods presented. The financial data as of and for the fiscal years ended May 31, 2017, 2016, and 2015 is derived from Skyline's audited consolidated financial statements that are incorporated by reference into this proxy statement. The financial data as of and for the fiscal years ended May 31, 2014 and 2013 is derived from Skyline's audited consolidated financial statements that are not included in or incorporated by reference into this proxy statement. This information is only a summary and should be read in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations* and the consolidated financial statements and the notes thereto of Skyline incorporated by reference into this proxy statement. Results for past periods are not necessarily indicative of results that may be expected for any future period.

	<b>At or for the</b>		<b>At or for the year ended May 31,</b>				
	<b>Nine Months Ended,</b>		<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014*</b>	<b>2013*</b>
	<b>March</b>	<b>February 28,</b>					
	<b>4,</b>	<b>2017</b>					
	<b>2018</b>	<b>2017</b>					
	<b>(unaudited)</b>	<b>(unaudited)</b>					
<b>Summary of Operations:</b>							
Net sales	\$ 174,205	\$ 177,042	\$ 236,504	\$ 211,774	\$ 186,985	\$ 153,080	\$ 177,574
Income (loss) from continuing operations before income taxes	5,988	(2,041)	5	1,873	(4,188)	(7,307)	(10,513)
Income (loss) from discontinued operations, net of taxes				(195)	(6,226)	(4,557)	
Net income	5,789	(2,298)	5	1,678	(10,414)	(11,864)	(10,513)

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(loss)

Capital expenditures	1,170	1,094	1,355	1,132	473	753	75
Depreciation	558	779	1,026	1,057	1,320	1,716	2,002
Basic weighted average common shares outstanding	8,391,244	8,391,244	8,391,244	8,391,244	8,391,244	8,391,244	8,391,244
Diluted weighted average common shares outstanding	8,574,146	8,391,244	8,512,374	8,391,244	8,391,244	8,391,244	8,391,244

**Period-End Balances:**

Working capital	\$ 23,572	\$ 15,485	\$ 18,917	\$ 17,787	\$ 16,464	\$ 23,423	\$ 27,430
Property, plant and equipment, net	10,632	11,949	10,976	11,645	11,569	15,953	&nb