

**CHARTER OF THE COMPENSATION COMMITTEE  
OF  
THE BOARD OF DIRECTORS  
OF  
SKYLINE CORPORATION**

The Compensation Committee shall consist of at least three (3) directors, all of whom are independent of management of the Corporation and any of its subsidiaries and free from any relationship that, in the judgment of the Board of Directors, would interfere with the exercise of independent judgment respecting the matters over which the Committee is given authority.

The members of the Compensation Committee shall be elected annually by the Board of Directors in connection with the annual meeting of the board. Members shall be elected by the Board of Directors with due regard to such member's training in, or experience with, the functions designated for this committee. The Chairman of the Compensation Committee may be designated by the Board of Directors and, in the absence of such designation, may be elected by the Compensation Committee from among their members.

The Committee's purpose shall be to discharge the board's responsibility relating to compensation of company's executives and to produce an annual report on executive compensation for inclusion in the company's proxy statement, in accordance with applicable rules and regulations. The Committee's duties and responsibilities will include a review and approval of corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives and set the Chief Executive Officer's compensation level based on this evaluation. In determining the long term incentive component of Chief Executive Officer's compensation, the Committee shall consider the company's performance and relative shareholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies and the awards given to the listed companies Chief Executive Officer in past years.

The Committee shall also make recommendations to the board with respect to incentive based compensation plans and equity based plans. In addition, the Committee shall perform an annual performance evaluation of its own performance to confirm that it is meeting the standards and expectations of this charter.

**Procedural Matters**

The Compensation Committee shall meet from time to time at the call of its Chairman or at the direction of the Board of Directors. The Committee shall meet at least two (2) times per year. The Chairman of the Compensation Committee shall call a meeting of the Committee upon the request of any member of the Committee or the Chairman of the Board of Directors. The provisions of the Code of By-laws of the Corporation respecting notice of meetings and for action to be taken by the Board of Directors shall apply to meetings and actions of the Compensation Committee.

The Chairman of the Compensation Committee shall report on the activities of the Committee to the Board of Directors from time to time upon request of the Chairman of the Board of Directors or of the Board of Directors.

ADPOTED BY THE BOARD OF DIRECTORS this 22<sup>nd</sup> day of September, 2003.