SKYLINE

2005

SUMMARY ANNUAL REPORT

Manufactured Housing

Recreational Vehicles

CORPORATE PROFILE

Skyline Corporation is one of America's leading producers of manufactured housing and recreational vehicles (RVs). With its headquarters in Elkhart, Indiana, Skyline has 22 operating divisions in 11 states from coast to coast.

Despite the volatile and competitive nature of the industries in which it operates, Skyline has earned a profit every year since it was founded in 1951.

Most Skyline-built homes are multi-section models. In quality, appearance and amenities, these homes compare favorably with site-built housing that typically sells for a higher price. Skyline also factory-crafts affordable single-section models and has the capability to produce modular housing.

In RVs, Skyline focuses on three towable product lines: conventional travel trailers, fifth wheel travel trailers and park models.

Since its founding, Skyline has built more than 870,000 homes and 460,000 RVs. Its sales over the years total approximately $15 billion.

Skyline homes and RVs are marketed nationwide through independent retailers and manufactured housing communities. Our products are supported by a straightforward, customer-oriented service program.

Skyline people hold themselves to high standards of ethical behavior. They take pride in offering products of outstanding value and in fostering mutually beneficial relationships with retailers, communities and suppliers. Skyline people are grateful for the continuing opportunity to help make dreams come true for thousands of American families.

Contents

Financial Highlights

For the Years Ended May 31, 2005 and 2004

(Dollars in thousands, except per share data)

	2005	2004
Sales	**$ 454,324**	$ 433,900
Earnings before income taxes	**$ 8,662**	$ 10,106
Net earnings	**$ 5,452**	$ 6,141
Cash dividends	**$ 14,433**	$ 6,042
Working capital	**$ 154,663**	$ 163,438
Shareholders' equity	**$ 189,503**	$ 198,484
Cash and U.S. Treasury Bills and Notes	**$ 149,525**	$ 150,449
Total assets	**$ 237,437**	$ 241,168
Current ratio	**5.1:1**	6.1:1
Number of operating plants	**22**	22
Number of employees	**2,600**	2,700

Per share		
Basic earnings	**$ .65**	$ .73
Cash dividends	**$ 1.72**	$ .72
Shareholders' equity	**$ 22.58**	$ 23.65

TO OUR SHAREHOLDERS

Fiscal 2005 was the fifty-fourth consecutive year in which Skyline achieved a profit. Fiscal 2005 also saw Skyline maintain its traditionally strong balance sheet with no long term debt and solid positions in cash and cash equivalents. The corporation paid a quarterly cash dividend as it has every year since 1960 when its shares were first publicly traded.

In addition, in the second quarter of fiscal 2005, Skyline's Board of Directors declared a special cash dividend of one dollar ($1.00) per share. This represented a onetime dividend and was separate from and had no relationship to the regular quarterly dividends.

For the year ended May 31, 2005, net earnings were $5,452,000 compared to $6,141,000 for fiscal 2004. On a basic earnings per share basis, fiscal 2005 net earnings were $0.65 compared to $0.73 for fiscal 2004.

Sales for the fiscal year were $454,324,000 compared to $433,900,000 for fiscal 2004. For our manufactured housing group, sales for fiscal 2005 were $335,394,000. For the previous year, sales by the group were $311,354,000. Our recreational vehicle (RV) group's sales for fiscal 2005 were $118,930,000 compared to $122,546,000 for fiscal 2004.

A Challenging Business Climate

While there were some regional bright spots, the industry-wide manufactured housing recession continued through fiscal 2005. As you can see in the graph displayed on page 16 of this report, unit shipments have slumped substantially during recent years. This manufactured housing recession has resulted from a range of factors, including restrictive retail financing, general economic uncertainty and the failure of some manufacturers to bring production into balance with inventories.

In the RV industry's towable product sector where Skyline does business, the market has been very competitive.

Although the business environment for both manufactured housing and RVs has been challenging, Skyline people have reason to take pride in their accomplishments. They renewed their commitment to integrity in all of their activities and relationships. They demonstrated discipline and teamwork. They welcomed opportunities to prepare Skyline for a future that promises to be both challenging and rewarding.

The skill, dedication and common sense of Skyline people enabled the Corporation to keep on track in its pursuit of increased efficiency in its operations and enhanced value in its products.

During fiscal 2005, we continued to implement our plan for upgrading production facilities as required by conditions in the regional marketplace. We also continued to adjust our product lines to reflect evolving customer attitudes and preferences. In this effort to strengthen Skyline's reputation for product excellence, we have relied heavily on the ideas, insights, experience and advice of the independent retailers and developers who deal directly with the families and individuals who buy and use our products.

Strong Dealer Relations

In both the housing and RV segments of our business, we have been striving to foster strong, mutually beneficial relationships with these retailers. They are the cornerstone of a distribution system that has brought customers a wide range of product choices. They understand marketing conditions at the grassroots level. They constitute an early warning system that alerts us to the need to make timely product changes.

To strengthen our relationships with retailers, we continue to rely on Dealer Councils that encourage two-way communication. Council sessions give retailers an opportunity to speak their minds and provide a forum that Skyline can use to enhance our products and relationships with retailers to achieve our long-standing goal of Total Customer Satisfaction. A key to achieving this goal is an ongoing program called Commitment to Excellence. The program asks customers to report their total buying experience beginning with their first contact with a retailer. They are asked to evaluate the helpfulness of the retailer, the quality of the product and other factors. The result is a Customer Satisfaction Index (CSI) that serves as a benchmark from which both Skyline and the retailers' progress can be measured. During fiscal 2005, we are pleased to report, the CSI reflected continuing improvement.

One of the reasons for this improvement is our Master Product Awareness program. Through this training program, retailers and members of their sales staffs are immersed in information about Skyline products. They learn details that enable them to answer customer questions and respond to customer concerns.

Housing and RV Overviews

In manufactured housing, a number of retailers have been making progress in developing land-home packages that measure up to the requirements of many lending institutions. At the same time, land developers continue to create communities utilizing factory-built housing with a residential look, multiple amenities and unmatched affordability. Most of the homes in these communities are multi-section models that have continued to attract the interest of many nontraditional customers. During fiscal 2005, multi-section homes accounted for 82 percent of our housing shipments.

In RVs, Skyline continues to concentrate on the industry's non-motorized (towable) segment. These products include conventional travel trailers, fifth wheel travel trailers designed to be towed by light trucks and park models for recreational camping. Skyline RVs are offered in a range of sizes and configurations and sold under the Nomad, Layton and Aljo trade names.

True to Core Values

In fiscal 2005 as in other past years, we have done our best to stay true to the core values that are fundamental elements in the history of Skyline achievement. We assure customers, retailers, suppliers, shareholders, and the communities in which we operate that Skyline continues its commitment to absolute integrity. We know we have an obligation to do the right thing, to take very seriously the principles of personal and corporate responsibility, to make an enduring contribution to the well-being of American society. This commitment has built a tradition of trust that is the foundation for Skyline's accomplishments. It will help Skyline achieve all its future goals.

We are grateful to our shareholders for their support and we pledge to do our best to make certain Skyline continues to live up to the expectations of the society it is privileged to serve.

William H. Murschel
President and
Chief Operations Officer

Thomas G. Deranek
Vice Chairman and
Chief Executive Officer

James R. Weigand
Chief Financial Officer and
Secretary

Consolidated Balance Sheets

May 31, 2005 and 2004

(Dollars in thousands)

ASSETS	**2005**	2004
Current Assets		
Cash	**$ 12,406**	$ 8,838
U.S. Treasury Bills, at cost plus accrued interest	**92,465**	141,611
U.S. Treasury Notes, at cost plus accrued interest	**44,654**	—
Accounts receivable, trade, less allowance for doubtful accounts of $100 in 2005 and $150 in 2004	**26,466**	26,090
Inventories	**9,838**	9,895
Other current assets	**6,233**	9,046
Total Current Assets	**192,062**	195,480
Property, Plant and Equipment, at Cost		
Land	**6,572**	6,572
Buildings and improvements	**64,036**	63,241
Machinery and equipment	**27,619**	27,206
	98,227	97,019
Less accumulated depreciation	**62,389**	60,089
Net Property, Plant and Equipment	**35,838**	36,930
Other Assets	**9,537**	8,758
	$ 237,437	$ 241,168

The accompanying notes are a part of the consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	2005	2004
Current Liabilities		
Accounts payable, trade	**$ 9,521**	$ 7,776
Accrued salaries and wages	**6,409**	6,222
Accrued profit sharing	**2,434**	2,454
Accrued marketing programs	**6,377**	5,368
Accrued warranty and related expenses	**7,700**	7,321
Other accrued liabilities	**4,229**	2,735
Income taxes payable	**729**	166
Total Current Liabilities	**37,399**	32,042
Other Deferred Liabilities	**10,535**	10,642
Commitments and Contingencies – See Note 2		
Shareholders' Equity		
Common stock, $.0277 par value, 15,000,000 shares authorized; Issued 11,217,144 shares	**312**	312
Additional paid-in capital	**4,928**	4,928
Retained earnings	**250,007**	258,988
Treasury stock, at cost, 2,825,900 shares in 2005 and 2004	**(65,744)**	(65,744)
Total Shareholders' Equity	**189,503**	198,484
	$ 237,437	$ 241,168

The accompanying notes are a part of the consolidated financial statements.

Consolidated Statements of Earnings and Retained Earnings

For the Years Ended May 31, 2005, 2004 and 2003

(Dollars in thousands, except per share data)

EARNINGS	2005	2004	2003
Sales	**$ 454,324**	$ 433,900	$ 421,315
Cost of sales	**404,728**	383,518	372,036
Gross profit	**49,596**	50,382	49,279
Selling and administrative expenses	**43,408**	41,523	40,938
Operating earnings	**6,188**	8,859	8,341
Interest income	**2,474**	1,247	1,995
Earnings before income taxes	**8,662**	10,106	10,336
Provision for income taxes			
Federal	**2,790**	3,330	3,545
State	**420**	635	598
	3,210	3,965	4,143
Net earnings	**$ 5,452**	$ 6,141	$ 6,193
Basic earnings per share	**$ .65**	$ .73	$ .74
Weighted average common shares outstanding	**8,391,244**	8,391,244	8,391,244

RETAINED EARNINGS	2005	2004	2003
Balance at beginning of year	**$ 258,988**	$ 258,889	$ 258,737
Add net earnings	**5,452**	6,141	6,193
Less cash dividends paid ($1.72 in 2005 and $.72 per share in 2004 and 2003)	**14,433**	6,042	6,041
Balance at end of year	**$ 250,007**	$ 258,988	$ 258,889

The accompanying notes are a part of the consolidated financial statements.

Consolidated Statements of Cash Flows

For the Years Ended May 31, 2005, 2004 and 2003

Increase (Decrease) in Cash

(Dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	**2005**	2004	2003
Net earnings	**$ 5,452**	$ 6,141	$ 6,193
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	**3,389**	3,450	3,785
Working capital items:			
Accrued interest receivable	**(517)**	159	(14)
Accounts receivable	**(376)**	(3,798)	5,736
Inventories	**57**	(481)	218
Other current assets	**2,813**	(2,983)	(186)
Accounts payable, trade	**1,745**	1,786	131
Accrued liabilities	**3,049**	400	(1,648)
Income taxes payable	**563**	(1,620)	630
Other deferred liabilities	**(107)**	1,362	1,124
Other, net	**(607)**	(831)	(929)
Total Adjustments	**10,009**	(2,556)	8,847
Net cash provided by operating activities	**15,461**	3,585	15,040
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from principal payments of U.S. Treasury Bills	**312,530**	380,028	364,417
Purchase of U.S. Treasury Bills	**(263,062)**	(376,077)	(371,797)
Maturity of U.S. Treasury Notes	**45,000**	—	—
Purchase of U.S. Treasury Notes	**(89,459)**	—	—
Net proceeds from sale of idle property, plant and equipment	**—**	644	—
Purchase of property, plant and equipment	**(2,356)**	(1,928)	(1,523)
Other, net	**(113)**	(108)	(59)
Net cash provided by (used in) investing activities	**2,540**	2,559	(8,962)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid	**(14,433)**	(6,042)	(6,041)
Net cash used in financing activities	**(14,433)**	(6,042)	(6,041)
Net increase in cash	**3,568**	102	37
Cash at beginning of year	**8,838**	8,736	8,699
Cash at end of year	**$ 12,406**	$ 8,838	$ 8,736

The accompanying notes are a part of the consolidated financial statements.

Notes to Consolidated Financial Statements

NOTE 1 Nature of Operations and Accounting Policies

Nature of operations – Skyline Corporation designs, manufactures and sells at wholesale both a broad line of manufactured housing (single section homes, multi-section homes and modular homes) and a large selection of towable recreational vehicle models. Both product lines are sold through numerous independent dealers throughout the United States who often utilize floor plan financing arrangements with lending institutions.

The following is a summary of the accounting policies that have a significant effect on the consolidated financial statements.

Basis of presentation – The consolidated financial statements include the accounts of Skyline Corporation and all of its subsidiaries (the "Corporation"), each of which is wholly-owned. All intercompany transactions have been eliminated. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition – Substantially all of the Corporation's products are made to order. Revenue is recognized upon completion of the following: an order for a unit is received from a dealer; written or verbal approval for payment is received from a dealer's financing institution or payment is received from the dealer; a common carrier signs documentation accepting responsibility for the unit as agent for the dealer; and the unit is removed from the Corporation's premises for delivery to a dealer.

Freight billed to customers is considered sales revenue, and the related freight costs are cost of sales. Volume based rebates paid to dealers are classified as a reduction of sales revenue. Sales of parts are classified as revenue.

Consolidated statements of cash flows – For purposes of the statements of cash flows, investments in U.S. Treasury Bills and Notes are included as investing activities. The Corporation's cash flows from operating activities were reduced by income taxes paid of $3,121,000, $5,884,000 and $4,079,000 in 2005, 2004 and 2003, respectively.

Inventory – Inventories are stated at cost, determined under the first-in, first-out method, which is not in excess of market. Physical inventory counts are taken at the end of each reporting quarter. Total inventories for the periods presented consisted of (dollars in thousands):

	May 31,	
	2005	2004
Raw Materials	**$4,174**	$4,158
Work In Process	**5,642**	5,650
Finished Goods	**22**	87
	$9,838	$9,895

Property, plant and equipment – Property, plant and equipment is stated at cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method for financial statement reporting and accelerated methods for income tax purposes. Estimated useful lives for significant classes of property, plant and equipment are as follows: Building and improvements 10 to 30 years; machinery and equipment 5 to 15 years.

Investments – The Corporation invests in United States Government Securities. These securities are typically held until maturity and are therefore classified as held-to-maturity and carried at amortized cost.

The cost and accrued interest of U.S. Treasury Bills, which approximates their fair market value, totaled $92,465,000 and $141,611,000 at May 31, 2005 and 2004, respectively. The investment in U.S. Treasury Notes has a gross unamortized cost of $44,529,000 and matures in less than one year at May 31, 2005. The fair market value of the U.S. Treasury Notes totals $44,523,000, resulting in a gross unrealized loss of $6,000. The Corporation does not have any other financial instruments which have market values differing from recorded values.

Warranty – The Corporation provides the retail purchaser of its manufactured homes with a fifteen-month warranty against defects in design, materials and workmanship. Recreational vehicles are covered by a two-year or less warranty. The warranties are backed by a corporate service department and an extensive field service system. Estimated warranty costs are accrued at the time of sale based upon current sales, historical experience and management's judgment regarding anticipated rates of warranty claims. The adequacy of the recorded warranty liability is periodically assessed and the amount is adjusted as necessary. A reconciliation of accrued warranty and related expenses is as follows (dollars in thousands):

	Year Ended May 31,		
	2005	2004	2003
Balance at the beginning of the period	**$11,121**	$10,609	$10,100
Accruals for warranties	**12,519**	11,478	11,425
Settlements made during the period	**(11,940)**	(10,966)	(10,916)
Balance at the end of the period	**11,700**	11,121	10,609
Non-current balance included in other deferred liabilities	**4,000**	3,800	3,700
Accrued warranty and related expenses	**$ 7,700**	$ 7,321	$ 6,909

Other deferred liabilities – Other deferred liabilities consist of the following (dollars in thousands):

	May 31,	
	2005	2004
Deferred compensation expense	**$ 6,235**	$ 5,742
Accrued warranty and related expenses	**4,000**	3,800
Other deferred expense	**300**	1,100
	$10,535	$10,642

Income taxes – The federal and state income tax provision (benefit) is summarized as follows (dollars in thousands):

	Year Ended May 31, 2005	2004	2003
Current			
Federal	**$ 3,124**	$ 3,629	$ 4,111
State	**560**	686	583
	$ 3,684	$ 4,315	$ 4,694
Deferred			
Federal	**$ (334)**	$ (299)	$ (566)
	(140)	(51)	15
	$ (474)	$ (350)	$ (551)
	$ 3,210	$ 3,965	$ 4,143

The difference between the Corporation's statutory federal income tax rate and the effective income tax rate is due primarily to state income taxes as follows (dollars in thousands):

	Year Ended May 31, 2005	2004	2003
Income taxes at statutory federal rate	**$ 2,945**	$ 3,437	$ 3,518
State income taxes, net of federal tax effect	**277**	419	394
Other, net	**(12)**	109	231
Income tax expense	**$ 3,210**	$ 3,965	$ 4,143
Effective tax rate	**37.1%**	39.2%	40.1%

The components of the net deferred tax assets are as follows:

	May 31, 2005	2004
Current deferred tax assets		
Accrued marketing programs	**$ 750**	$ 827
Accrued warranty expense	**2,988**	2,871
Accrued workers' compensation	**1,609**	1,326
Accrued vacation	**516**	514
Other	**206**	709
Net current deferred tax asset	**$ 6,069**	$ 6,247
Noncurrent deferred tax assets		
Deferred compensation expense	**$ 2,222**	$ 1,759
Accrued warranty expense	**1,592**	1,330
Other	**286**	358
Net noncurrent deferred tax assets	**$ 4,100**	$ 3,447
Total gross deferred tax asset	**$10,169**	$ 9,694
Valuation allowance	**(844)**	(843)
Net deferred tax asset	**$ 9,325**	$ 8,851

A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The valuation allowance relates to certain state tax assets that the Corporation considers more likely than not to not be realized due to a lack of projected taxable income in certain states. There have been no changes in the judgments regarding the realizability of deferred tax assets during the periods presented.

Recently issued accounting pronouncements – In November 2004 the Financial Accounting Standards

Board issued Statement of Financial Accounting Standard No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4" (SFAS 151). SFAS 151 requires that allocation of fixed production overheads to the cost of conversion be based on normal capacity of the production facilities. In addition, idle facility expense, excessive spoilage, double freight and rehandling costs should be recognized as period costs.

In May 2005 the Financial Accounting Standards Board issued SFAS No. 154, "Accounting Changes and Error Corrections". SFAS 154 changes the requirements for the accounting for and reporting of voluntary changes in accounting principle, and for changes required by an accounting pronouncement that does not have a specific transition provision. When recognizing a change in accounting principle, retrospective application of the principle to prior period's financial statements is generally specified.

These pronouncements are effective for the Corporation beginning June 1, 2006, and adoption is not expected to have a material impact on its future financial condition or results of operation. The Corporation has also determined that the effects on the consolidated financial statements from any recently issued accounting standards are not applicable.

NOTE 2 Commitments and Contingencies

The Corporation was contingently liable at May 31, 2005, under repurchase agreements with certain financial institutions providing inventory financing for retailers of its products.

Under these arrangements, which are customary in the manufactured housing and recreational vehicle industries, the Corporation agrees to repurchase homes and recreational vehicles in the event of default by the retailer at declining prices over the term of the agreement, generally 12 months.

The maximum repurchase liability is the total amount that would be paid upon the default of the Corporation's independent dealers. The maximum potential repurchase liability, without reduction for the resale value of the repurchased units, was approximately $106 million at May 31, 2005 and $100 million at May 31, 2004.

The risk of loss under these agreements is spread over many retailers and financial institutions. The loss, if any, under these agreements is the difference between the repurchase cost and the resale value of the units. The allowance for doubtful accounts includes a reserve for potential net losses on repurchased units. The amounts of obligations from repurchased units and incurred net losses for the periods presented are as follows (dollars in thousands):

	Year Ended May 31,		
	2005	2004	2003
Obligations from units repurchased	**$ –**	$ 23	$ 1,001
Net loss on repurchased units	**$ –**	$ –	$ 50

The Corporation leases office and manufacturing equipment under operating lease agreements. Leases generally provide that the Corporation pays the cost of insurance, taxes and maintenance. Lease expense for fiscal years ended May 31, 2005 and 2004 was approximately $1,100,000 while lease expense for the fiscal year ended May 31, 2003 was approximately $1,200,000. Future minimum lease commitments under operating leases are as follows (dollars in thousands):

Year Ending May 31,	Amount
2006	$ 713
2007	470
2008	313
2009	146
2010	34
Thereafter	49
	$ 1,725

The Corporation is a party to various pending legal proceedings in the normal course of business. Management believes that any losses resulting from such proceedings would not have a material adverse effect on the Corporation's results of operations or financial position.

NOTE 3 Purchase of Treasury Stock

The Corporation's board of directors from time to time has authorized the repurchase of shares of the Corporation's common stock, in the open market or through negotiated transactions, at such times and at such prices as management may decide. In fiscal 2005, 2004 and 2003, the Corporation did not acquire any shares of its common stock. At May 31, 2005 the Corporation had authorization to repurchase an additional 391,300 shares of its common stock.

NOTE 4 Employee Benefits

A) HEALTH INSURANCE

The Corporation offers health insurance to eligible employees and dependents. This benefit is administered by utilizing a combination of insurance companies. The Corporation has individual reinsurance coverage limiting its liability for any catastrophic claims.

Claims incurred but not reported are accrued based on estimates that incorporate the Corporation's past experience and other considerations such as the nature of each claim and other relevant trend factors provided by the insurance companies. Expenses associated with the health insurance benefit were $4,273,000, $3,860,000 and $3,737,000 for fiscal years ended May 31, 2005, 2004 and 2003, respectively.

B) PROFIT SHARING PLANS AND 401(K) PLANS

The Corporation has two deferred profit sharing plans ("Plans"), which together cover substantially all of its employees. The Plans are defined contribution plans to which the Corporation has the right to modify, suspend or discontinue contributions. Assets of the Plans are invested in United States Government Securities. For the years ended May 31, 2005, 2004 and 2003, contributions to the Plans were $2,454,000, $2,447,000 and $2,356,000, respectively.

The Corporation has an employee savings plan (the "401(k) Plan") that is intended to provide participating employees with an additional method of saving for retirement. The 401(k) Plan covers all employees who meet certain minimum participation requirements. The Corporation does not currently provide a matching contribution to the 401(k) Plan.

C) RETIREMENT AND DEATH BENEFIT PLANS

The Corporation has entered into arrangements with certain employees which provide for benefits to be paid to the employees' estates in the event of death during active employment or retirement benefits to be paid over 10 years beginning at the date of retirement. To fund all such arrangements, the Corporation purchased life insurance or annuity contracts on the covered employees. The present value of the principal cost of such arrangements is being accrued over the period from the date of such arrangements to full eligibility using a discount rate of 5.5 percent in fiscal 2005, 6.5 percent in fiscal 2004 and 6.0 percent in fiscal 2003. The amount accrued for such arrangements totaled $6,235,000 at May 31, 2005, $5,742,000 at May 31, 2004 and $4,580,000 at May 31, 2003. The amount charged to operations under these arrangements was $498,000 in fiscal year 2005, $1,145,000 in fiscal 2004 and $252,000 in fiscal year 2003.

NOTE 5 Industry Segment Information

The corporation designs, produces and distributes manufactured housing (single section homes, multi-section homes and modular homes) and towable recreational vehicles (travel trailers, including park models and fifth wheels). In fiscal year 2005, manufactured housing represented 74 percent of total sales, while recreational vehicles accounted for the remaining 26 percent. In fiscal year 2004, manufactured housing represented 72 percent of total sales, while recreational vehicles accounted for the remaining 28 percent. In fiscal 2003, 70 percent of total sales were represented by manufactured housing, while the remaining 30 percent was recreational vehicles.

(Dollars in thousands)

SALES	**2005**	2004	2003
Manufactured housing	**$ 335,394**	$ 311,354	$ 294,349
Recreational vehicles	**118,930**	122,546	126,966
Total sales	**$ 454,324**	$ 433,900	$ 421,315
EARNINGS BEFORE INCOME TAXES			
OPERATING EARNINGS (LOSS)			
Manufactured housing	**$ 12,296**	$ 13,035	$ 11,116
Recreational vehicles	**(2,547)**	150	439
General corporate expenses	**(3,561)**	(4,326)	(3,214)
Total operating earnings	**6,188**	8,859	8,341
Interest income	**2,474**	1,247	1,995
Earnings before income taxes	**$ 8,662**	$ 10,106	$ 10,336
IDENTIFIABLE ASSETS			
OPERATING ASSETS			
Manufactured housing	**$ 77,096**	$ 75,079	$ 71,225
Recreational vehicles	**23,222**	24,478	22,195
Total operating assets	**100,318**	99,557	93,420
U.S. TREASURY BILLS AND NOTES	**137,119**	141,611	145,721
Total assets	**$ 237,437**	$ 241,168	$ 239,141
DEPRECIATION			
Manufactured housing	**$ 2,724**	$ 2,777	$ 3,103
Recreational vehicles	**665**	673	682
Total depreciation	**$ 3,389**	$ 3,450	$ 3,785
CAPITAL EXPENDITURES			
Manufactured housing	**$ 1,354**	$ 1,158	$ 1,230
Recreational vehicles	**1,002**	770	293
Total capital expenditures	**$ 2,356**	$ 1,928	$ 1,523

Operating earnings represent earnings before interest income and provision for income taxes with non-traceable operating expenses being allocated to industry segments based on percentages of sales.

Identifiable assets, depreciation and capital expenditures, by industry segment, are those items that are used in operations in each industry segment, with jointly used items being allocated based on a percentage of sales.

Additional Financial Information

Form 10-K Report
Financial information not published in this Summary Annual Report is located in the Form 10-K report filed annually with the Securities Exchange Commission. The Form 10-K report can be accessed electronically through the Investors section of the Corporation's website at http://www.skylinecorp.com. A copy of the Form 10-K report will also be furnished without charge upon written request to:

James R. Weigand
Chief Financial Officer
Skyline Corporation
Post Office Box 743
Elkhart, Indiana 46515

In addition to the Form 10-K report, the Audit Committee Charter, the Nominating and Governance Committee Charter and the Code of Ethics are also available at the Corporation's website.

Forward Looking Statements
Any statements in this Summary Annual Report relating to matters that are not historical facts are considered forward looking. These statements reflect the Corporation's expectations regarding future events, and involve uncertainties that may cause actual results to materially differ from expectations. Additional disclosures regarding forward looking statements are in the Form 10-K report.

Management's Report on Internal Control over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. Internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Corporation's internal control over financial reporting includes policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Corporation's assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Corporation's receipts and expenditures are being made only in accordance with authorizations of management and directors; provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Corporation has assessed the effectiveness of the Corporation's internal control over financial reporting based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of the Corporation's internal control over financial reporting, and testing of the operational effectiveness of the Corporation's internal control over financing reporting. Based on this assessment, management has concluded that the Corporation's internal control over financial reporting was effective as of May 31, 2005.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the Corporation's financial statements included in this Summary Annual Report, has also audited management's assessment of the effectiveness of the Corporation's internal control over financial reporting and the effectiveness of the Corporation's internal control over financial reporting as of May 31, 2005, and their report is included herein.

Thomas G. Deranek
Chief Executive Officer

James R. Weigand
Chief Financial Officer and Secretary

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Skyline Corporation:

We have completed an integrated audit of Skyline Corporation's 2005 consolidated financial statements and of its internal control over financial reporting as of May 31, 2005 and audits of its 2005 and 2004 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements

In our opinion, the consolidated financial statements listed in this Summary Annual Report present fairly, in all material respects, the financial position of Skyline Corporation and its subsidiaries at May 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended May 31, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Report on Internal Control over Financial Reporting, that the Company maintained effective internal control over financial reporting as of May 31, 2005 based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2005, based on criteria established in *Internal Control - Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chicago, Illinois
July 28, 2005

Financial Summary By Quarter

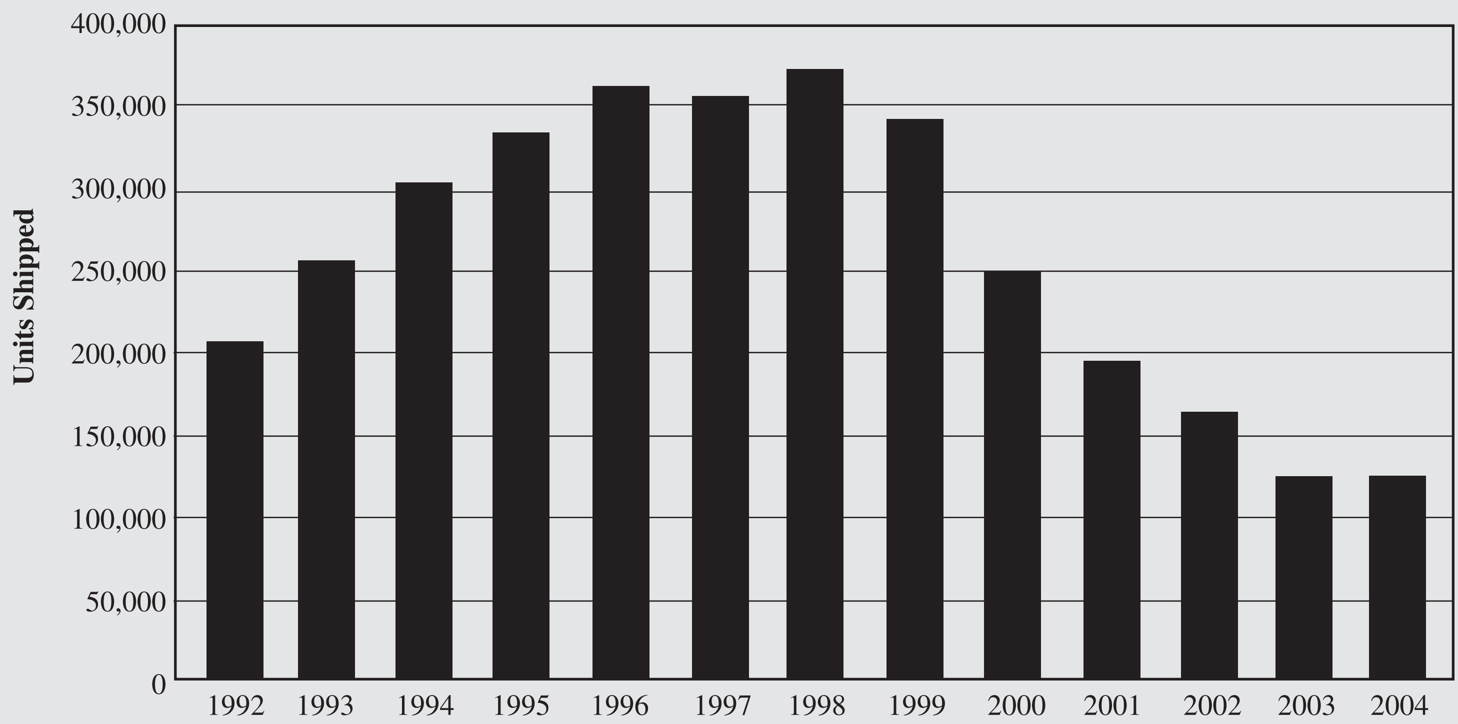
Unaudited

(Dollars in thousands, except per share data)

2005	**1st Qtr**	**2nd Qtr**	**3rd Qtr**	**4th Qtr**	**Year**
Sales	**$ 117,567**	**$ 121,031**	**$ 96,219**	**$ 119,507**	**$ 454,324**
Gross profit	**11,888**	**13,873**	**9,430**	**14,405**	**49,596**
Net earnings (loss)	**806**	**1,882**	**(351)**	**3,115**	**5,452**
Basic earnings (loss) per share	**.10**	**.22**	**(.04)**	**.37**	**.65**

2004	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Sales	$ 110,149	$ 114,996	$ 91,255	$ 117,500	$ 433,900
Gross profit	14,054	13,982	8,345	14,001	50,382
Net earnings (loss)	2,037	2,068	(718)	2,754	6,141
Basic earnings (loss) per share	.24	.25	(.09)	.33	.73

Manufactured Housing Industry Shipments



1992	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
210,787	**254,276**	**303,932**	**339,601**	**363,411**	**353,377**	**372,843**	**348,671**	**250,550**	**193,229**	**168,491**	**130,937**	**130,802**

Source: Manufactured Housing Institute

Selected Financial Data

(Dollars in thousands, except per share data)

	2005	2004	2003	2002	2001
FOR THE YEAR					
Sales	**$ 454,324**	$ 433,900	$ 421,315	$ 453,704	$ 466,716
Net earnings	**$ 5,452**	$ 6,141	$ 6,193	$ 12,254	$ 11,170
Cash dividends declared	**$ 14,433**	$ 6,042	$ 6,041	$ 6,042	$ 6,124
Capital expenditures	**$ 2,356**	$ 1,928	$ 1,523	$ 3,330	$ 2,499
Depreciation	**$ 3,389**	$ 3,450	$ 3,785	$ 3,884	$ 3,919
Weighted average common shares outstanding	**8,391,244**	8,391,244	8,391,244	8,391,244	8,468,321
AT YEAR END					
Working capital	**$ 154,663**	$ 163,438	$ 160,750	$ 158,200	$ 151,424
Current ratio	**5.1:1**	6.1:1	6.1:1	5.9:1	5.2:1
Property, plant and equipment, net	**$ 35,838**	$ 36,930	$ 39,131	$ 41,477	$ 42,044
Total assets	**$ 237,437**	$ 241,168	$ 239,141	$ 238,752	$ 235,678
Shareholders' equity	**$ 189,503**	$ 198,484	$ 198,385	$ 198,233	$ 192,021
Treasury Stock	**$ 65,744**	$ 65,744	$ 65,744	$ 65,744	$ 65,744
PER SHARE					
Basic earnings	**$ .65**	$ .73	$ .74	$ 1.46	$ 1.32
Cash dividends declared	**$ 1 .72**	$ .72	$ .72	$ .72	$ .72
Shareholders' equity	**$ 22.58**	$ 23.65	$ 23.64	$ 23.62	$ 22.88

Sales Comparison

(Dollars in thousands)

	Year Ended May 31,			
	2005		2004	
Product Line	**Dollars**	**Units**	Dollars	Units
Single-section Homes	**$ 37,668**	**1,415**	$ 37,318	1,530
Multi-section Homes	**$ 297,726**	**6,270**	$ 274,036	6,193
Travel Trailers	**$ 99,653**	**6,934**	$ 95,272	6,829
Fifth Wheels	**$ 19,277**	**931**	$ 27,274	1,546

Directors

▲ **ARTHUR J. DECIO**
Chairman of the Board,
serving in a non-executive
officer capacity
Skyline Corporation

THOMAS G. DERANEK
Vice Chairman and
Chief Executive Officer
Skyline Corporation

▲◆■● **JERRY HAMMES**
President
Romy Hammes, Inc.
South Bend, Indiana 46629
and Chairman of Peoples
Bank of Kankakee County
Bourbonnais, Illinois 60914

RONALD F. KLOSKA
Chief Executive Officer (Ret.)
Skyline Corporation

▲◆■● **WILLIAM H. LAWSON**
Sarasota, Florida 34236
Chairman of the Board and
Chief Executive Officer (Ret.)
Franklin Electric Co., Inc.
Bluffton, Indiana 46714

▲◆■● **DAVID T. LINK**
Dean Emeritus
Notre Dame Law School
University of Notre Dame
Notre Dame, Indiana 46556
and President and Chief
Executive Officer
International Centre for
Healing and the Law
Kalamazoo, Michigan 49009

▲◆■● **ANDREW J. McKENNA**
Chairman of the Board
Schwarz
Morton Grove, Illinois 60053
and Chairman of the Board
McDonald's Corporation
Oakbrook, Illinois 60523

▲ Executive Committee
◆ Audit Committee
■ Nominating and
Governance Committee
● Compensation Committee

Officers

* **THOMAS G. DERANEK**
Vice Chairman and
Chief Executive Officer

* **WILLIAM H. MURSCHEL**
President and
Chief Operations Officer

* **TERRENCE M. DECIO**
Vice President, Marketing and Sales

* **JAMES R. WEIGAND**
Chief Financial Officer
and Secretary

CHRISTOPHER R. LEADER
Vice President, Operations

CHARLES W. CHAMBLISS
Vice President, Product
Development and Engineering

JON S. PILARSKI
Corporate Controller

LINDA R. PHILIPPSEN
Assistant Vice President

*Office of the Chairman

Supplemental Shareholder Information

REGISTRAR AND
TRANSFER AGENT
Computershare Investor
Services, L.L.C.
Chicago, Illinois 60602

INDEPENDENT REGISTERED
PUBLIC ACCOUNTANTS
PricewaterhouseCoopers LLP
Chicago, Illinois 60606

ATTORNEYS
Barnes & Thornburg
Elkhart, Indiana 46516

STOCK EXCHANGE LISTING
New York Stock Exchange
Symbol: SKY

CORPORATE OFFICES
2520 By-Pass Road
Post Office Box 743
Elkhart, Indiana 46515
www.skylinecorp.com

Market for the Registrant's Common Stock and Related Stockholder Matters

Skyline Corporation (SKY) is traded on the New York Stock Exchange. A quarterly cash dividend of 18 cents ($0.18) per share was paid in fiscal 2005 and 2004. On November 1, 2004, a special dividend of one dollar ($1.00) per share was paid to shareholders of the Corporation's common stock at the close of business October 14, 2004. At May 31, 2005, there were approximately 1,100 holders of record of Skyline Corporation common stock. A quarterly summary of the market price is listed for the fiscal years ended May 31, 2005 and 2004.

	2005		2004	
Quarter	**High**	**Low**	High	Low
First	**$41.60**	**$35.19**	$32.60	$27.80
Second	**$42.00**	**$37.90**	$34.60	$31.30
Third	**$42.10**	**$38.03**	$41.22	$31.91
Fourth	**$41.01**	**$35.89**	$45.39	$34.94

Manufacturing Facilities