

TWIN DISC INC
Form DEF 14A
September 22, 2014

SCHEDULE 14A INFORMATION

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

Filed by the Registrant [x]

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))
- [x] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to Section 240.14a-2.

Twin Disc, Incorporated
(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):

[x] No fee required.

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1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transactions computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transactions:

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

TWIN DISC, INCORPORATED
1328 Racine Street, Racine, Wisconsin 53403

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS – OCTOBER 24, 2014

NOTICE IS HEREBY GIVEN TO THE SHAREHOLDERS OF TWIN DISC, INCORPORATED

The Annual Meeting of Shareholders of Twin Disc, Incorporated, a Wisconsin corporation (the “Corporation”), will be held at 2:00 P.M. (Central Time) on Friday, October 24, 2014, at the Corporate Offices, 1328 Racine Street, Racine, Wisconsin 53403 (the “Annual Meeting”) for the following purposes:

1. To elect three Directors to serve until the Annual Meeting of Shareholders in 2017.
2. To consider an advisory vote to approve the compensation of the Corporation’s Named Executive Officers.
3. To ratify the appointment of PricewaterhouseCoopers LLP, an independent registered public accounting firm, as our independent auditors for the fiscal year ending June 30, 2015.
4. To transact any other business that may properly come before the Annual Meeting.

Only holders of record of shares of common stock of the Corporation at the close of business on August 29, 2014, shall be entitled to vote at the Annual Meeting.

A proxy appointment card and our proxy statement are enclosed with this notice. The proxy card shows the form in which your shares are registered and affords you the opportunity to direct the voting of those shares, even if you are unable to attend the Annual Meeting in person. Please review these proxy materials and follow the applicable instructions.

Jeffrey S. Knutson
Corporate Controller and Secretary

Important Notice Regarding the Availability of Proxy Materials for the
Shareholder Meeting to be Held on October 24, 2014

Pursuant to rules of the Securities and Exchange Commission, we are providing access to our proxy materials both by mailing to you this full set, including the proxy card, on or about September 22, 2014, and by notifying you of the availability of our proxy materials on the Internet. These proxy materials and our 2014 annual report on Form 10-K are available at <http://ir.twindisc.com/proxy.cfm>

YOUR VOTE IS IMPORTANT! WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING OF SHAREHOLDERS IN PERSON, WE ASK YOU TO PLEASE TAKE ADVANTAGE OF ONE OF THE THREE OPTIONS YOU HAVE FOR VOTING YOUR SHARES: (1) YOU MAY SIGN AND RETURN YOUR PROXY APPOINTMENT IN THE ENCLOSED ENVELOPE; (2) YOU MAY DIRECT YOUR VOTE VIA THE INTERNET; OR (3) YOU MAY DIRECT YOUR VOTE BY TELEPHONE. THE APPLICABLE INSTRUCTIONS AND DEADLINES FOR EACH OPTION ARE STATED ON THE PROXY CARD AND IN THE PROXY STATEMENT. IF YOUR PROXY APPOINTMENT / VOTING INSTRUCTIONS ARE NOT RECEIVED BEFORE THE APPLICABLE DEADLINE, THE PROXY WILL BE RULED INVALID. AFTER SUBMITTING YOUR VOTING INSTRUCTIONS, SHOULD YOU FIND IT CONVENIENT TO ATTEND THE MEETING, YOU MAY REVOKE YOUR PRIOR INSTRUCTIONS AND VOTE IN PERSON.

2014 Proxy Statement
TWIN DISC, INCORPORATED
September 22, 2014

DATE, TIME AND PLACE OF MEETING

This proxy statement is furnished in connection with the solicitation by the Board of Directors of the Corporation of proxies for use at the Annual Meeting of Shareholders to be held at 2:00 P.M. (Central Time), at the Corporate Offices, 1328 Racine Street, Racine, Wisconsin 53403 on Friday, October 24, 2014, or any adjournment thereof. Holders of common stock of record at the close of business on August 29, 2014, are entitled to vote at the Annual Meeting and each shareholder shall have one vote for each share of common stock registered in the shareholder's name. Shares represented by a signed proxy appointment or electronic proxy vote will be voted in the manner specified in the form of proxy or, if no specification is made, in a manner consistent with the Board of Directors' recommendation for each of the proposals mentioned therein. The presence of a majority of the outstanding shares of common stock of the Corporation, either in person or represented by a signed proxy appointment or electronic proxy vote, will constitute a quorum at the Annual Meeting. The Corporation intends to mail this proxy statement to shareholders on or about September 22, 2014.

PROXY APPOINTMENT AND REVOCATION

Shareholders may vote by delivery, either in person, by mail or by messenger, of the enclosed proxy appointment form. Appointment forms must be received by the Secretary not less than 48 hours prior to the date of the meeting. The proxy appointment form must be signed in handwriting. The signature must be sufficiently legible to allow the inspector to distinguish it as representing the name of the registered shareholder, or must be accompanied by a rubber stamp facsimile or hand-printed name, including the shareholder's surname and either the shareholder's first or middle name as represented on the corporate records and any titles, offices or words indicating agency which appear in the corporate records. **PROXY APPOINTMENT FORMS NOT MEETING THE ABOVE REQUIREMENTS WILL BE RULED INVALID.**

Shareholders may also vote via the Internet by accessing www.investorvote.com/twin or by telephone at 1-800-652-8683. The telephone and Internet voting procedures are designed to authenticate the shareholder's identity, to allow the shareholder to give voting instructions and to confirm that such instructions have been properly recorded. Shareholders may vote via the Internet or by telephone up to 11:59 PM Eastern Time on Thursday, October 23, 2014. Shareholders that vote via the Internet should understand that there might be costs associated with electronic access that they must bear, such as usage charges from Internet access providers and telecommunications companies.

The person giving the proxy may revoke it before it is exercised, either in person, by mail or by messenger, by submitting a later dated proxy appointment form to the Secretary at least 48 hours prior to the date of the Annual Meeting. If the proxy was voted via the Internet or by telephone, the person may revoke the proxy by entering a new vote via the Internet or telephone prior to the time that Internet and telephone voting closes. The person giving the proxy may also revoke it by openly stating the revocation at the Annual Meeting, by voting at the Annual Meeting in person, or by delivering a signed written statement revoking the proxy to the Secretary prior to the date of the Annual Meeting. **ANY ATTEMPTED REVOCATIONS NOT MEETING THE ABOVE REQUIREMENTS WILL BE RULED INVALID.**

RECORD DATE

The record date with respect to this solicitation is August 29, 2014. On that date, there were outstanding 11,282,815 shares of common stock of the Corporation entitled to vote at the Annual Meeting. There also are 200,000 shares of no-par preferred stock authorized, of which 150,000 shares have been designated Series A Junior Preferred Stock, but none are outstanding.

SHAREHOLDER PROPOSALS FOR 2015

If a shareholder wishes to present a proposal for consideration for inclusion in the Notice of the Meeting and Proxy Statement for the 2015 Annual Meeting of Shareholders, the proposal must be received at the Corporation's principal executive offices no later than May 25, 2015. Shareholder proposals received later than July 24, 2015 will be considered untimely, and will not be considered at the Corporation's 2015 Annual Meeting. Any such proposal must comply with the requirements of Section (14)(a) of the Corporation's Restated Bylaws.

If a shareholder wishes to nominate a person for election to the Board of Directors of the Corporation, such nomination shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely for the 2015 Annual Meeting, such notice must be delivered to or mailed and received at the principal executive offices of the Corporation no later than July 24, 2015. Any such notice must comply with the requirements of Section (14)(b) of the Corporation's Restated Bylaws.

PERSONS MAKING THE SOLICITATION

The proxy is being solicited by the Corporation's Board of Directors and will be voted in favor of the Directors' recommendations on each and all matters properly brought before the Annual Meeting, unless the undersigned shareholder specifically instructs the holder or holders of the proxy to the contrary.

VOTES REQUIRED FOR PROPOSALS AND HOW VOTES WILL BE COUNTED

With respect to the election of Directors (Proposal No. 1), votes may be cast in favor or withheld. Votes that are withheld will have no legal effect and will not be counted as votes cast in the election of Directors. Assuming a quorum is present, Directors shall be elected by a plurality of votes cast by the shares entitled to vote at the Annual Meeting (i.e., the individuals with the largest number of votes cast in favor of their election will be elected as Directors, up to the maximum number of Directors to be chosen in the election). In the event two (2) or more persons tie for the last vacancy to be filled, a run-off vote shall be taken from among the candidates receiving the tie vote. Broker non-votes, as defined below, will be counted for purposes of determining a quorum, but will not be counted as votes cast in the election of Directors.

With respect to the advisory vote on the compensation of the Corporation's Named Executive Officers (Proposal No. 2), votes may be cast "For" or "Against" the resolution. Votes "For" must exceed votes "Against" in order for the resolution on compensation of the Named Executive Officers to be considered approved by the shareholders. This vote is not binding on the Corporation. The Compensation Committee of the Board of Directors will take the results of the vote into consideration in addressing future compensation policies and practices.

With respect to the ratification of the appointment of independent auditors (Proposal No. 3), votes may be cast "For" or "Against." The appointment will be ratified if a majority of the shares present and entitled to vote on the matter are voted "For" ratification. If the appointment of the independent auditors is not ratified, the Audit Committee will reconsider such appointment.

Abstentions may be specified on all proposals submitted to shareholders, other than for the election of Directors. Abstentions will be counted for purposes of determining the presence or absence of a quorum for the

transaction of business at the Annual Meeting, but will not be counted as votes cast with respect to any of the proposals.

Brokers who hold shares in street name for customers may vote their shares with respect to certain matters without specific instructions from the beneficial owners of the shares. However, brokers who hold shares in street name are not permitted to vote on certain other matters without specific instructions from the beneficial owners. A “broker non-vote” occurs on an item submitted for shareholder approval when the broker does not have the authority to vote on the item in the absence of instructions from the beneficial owner and the broker does not in fact receive such instructions. A broker non-vote is treated as “present” for purposes of determining a quorum, has the effect of a vote against a particular proposal when a majority of the issued and outstanding shares is required for approval of the proposal, and has no effect when a majority of the shares present in person or by proxy and entitled to vote or a plurality or majority of the votes cast is required for approval.

Brokers and other nominees may vote on the ratification of the appointment of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending June 30, 2015 (Proposal No. 3) without specific instructions from beneficial owners. Therefore, no broker non-votes are expected to exist in connection with this proposal. However, brokers or other nominees may not vote on the election of Directors to serve until the Annual Meeting of Shareholders in 2017 (Proposal No. 1) or on the advisory vote on Named Executive Officer compensation (Proposal No. 2) without specific instructions from the beneficial owners of the shares. Therefore, an undetermined number of broker non-votes may occur on Proposals No. 1 and 2.

PRINCIPAL SHAREHOLDERS, DIRECTORS AND EXECUTIVE OFFICERS

PRINCIPAL SHAREHOLDERS

Based upon the records of the Corporation, filings with the Securities and Exchange Commission as of August 22, 2014 and additional information obtained by the Corporation, the following table sets forth the persons or group of persons having beneficial ownership (as defined by the Securities and Exchange Commission) of more than 5% of the issued and outstanding common stock of the Corporation.

Name	Address	Nature of Beneficial Ownership	Amount Owned	Percent of Class
Michael E. Batten	3419 Michigan Blvd.	Power to vote	1,638,252	14.5%
	Racine, WI	Beneficial	(1) 440,452 (2)	3.9%
GAMCO Investors, Inc.	One Corporate Center Rye, NY	Power to vote & dispose of stock	1,431,819 (3)	12.7%
John H. Batten	704 Waters Edge Rd.	Power to vote	499,488 (4)	4.4%
	Racine, WI	Beneficial	95,801	0.8%

(1) Held as trustee under various trusts.

(2) Includes 10,400 shares owned by the wife of Michael E. Batten.

- (3) Represents shares held by various entities which are directly or indirectly controlled by Mario J. Gabelli and for which he acts as chief investment officer.
 - (4) Held as guardian for non-immediate family member.
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DIRECTORS AND EXECUTIVE OFFICERS

Based upon the records of the Corporation, filings with the Securities and Exchange Commission as of August 22, 2014 and additional information obtained by the Corporation, the following table sets forth the number of shares of common stock of the Corporation beneficially owned by each of the Directors of the Corporation, each of the executive officers named in the Summary Compensation Table (with the exception of James E. Feiertag, who resigned effective September 12, 2014) and the number of shares beneficially owned by all Directors and executive officers of the Corporation as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Michael E. Batten	2,078,704 (2)	18.4%
John H. Batten	595,289 (3)	5.3%
Christopher J. Eperjesy	52,836 (4)	*
Dean J. Bratel	30,492 (5)	*
Denise L. Wilcox	25,694 (6)	*
Michael Doar	17,302 (7)	*
Malcolm F. Moore	15,156 (7)	*
David B. Rayburn	31,576 (7)	*
Michael C. Smiley	7,502 (7)	*
Harold M. Stratton II	21,902 (7)	*
David R. Zimmer	16,652 (7)	*
All Directors and Executive Officers as a group (12 persons)	2,931,510 (7)	26.0%

* Denotes ownership of less than one percent of shares outstanding.

(1) Shares listed include any shares owned by a spouse, minor children and immediate relatives who share the same household as a Director or officer. Inclusion of any such shares is not to be considered an admission of beneficial ownership.

(2) Includes 10,400 shares held by Mr. Batten's wife, and 1,638,252 shares held by him as trustee under various family trusts.

(3) Includes restricted stock grants of 12,594 shares that vest in fiscal 2016, 11,498 shares that vest in fiscal 2017, 10,736 shares that vest in fiscal 2018 and 499,488 shares held by him as guardian for non-immediate family member.

(4) Includes restricted stock grants of 10,425 shares that vest in fiscal 2016, 6,962 shares that vest in fiscal 2017, and 5,430 shares that vest in fiscal 2018.

(5) Includes restricted stock grants of 4,638 shares that vest in fiscal 2016, 5,052 shares that vest in fiscal 2017, and 4,113 shares that vest in fiscal 2018.

(6) Includes restricted stock grants of 3,980 shares that vest in fiscal 2016, 3,497 shares that vest in fiscal 2017, and 2,633 shares that vest in fiscal 2018.

(7) Shares subject to currently exercisable stock options included in the above are as follows: Mr. Doar 2,400, Mr. Moore 4,800, Mr. Rayburn 7,200, Mr. Stratton 7,200 and all Directors and executive officers as a group 21,600. Also included above are unvested restricted shares as follows: Mr. Doar 1,855, Mr. Moore 1,855, Mr. Rayburn 1,855, Mr. Smiley 1,855, Mr. Stratton 1,855 and Mr. Zimmer 1,855.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors has nominated the following persons to serve as Directors for the Corporation, each for a term to expire at the Annual Meeting of Shareholders following the fiscal year ending June 30, 2017. Shares of common stock represented by properly executed proxy appointments in the accompanying form or electronic proxy vote will be voted for the three nominees listed unless authority to do so is withheld.

Name and Current Age	Principal Occupation and Other P u b l i c C o m p a n y Directorships Held Within Past Five Years	Skills and Qualifications	Served as Director Continuously Since
Michael E. Batten .. Age 74	Chairman of the Board, and retired CEO, Twin Disc, Incorporated; Also Past Director, Briggs & Stratton Corporation, Wauwatosa, Wisconsin	Mr. Batten is a recently retired CEO of a public company. His skill sets include strategic planning, financial oversight, compensation and organizational development. His career includes extensive experience in international business, mergers and acquisitions, and complex manufactured and engineered products.	May 1974
Michael Doar . Age 59	Chairman and Chief Executive Officer, Hurco Companies, Inc. Indianapolis, Indiana (A global manufacturer of machine tools)	Mr. Doar is a sitting CEO of a public company. His experience includes strategic planning, financial oversight, compensation and organizational competencies. His career in the capital goods industry has exposed him to complex manufacturing and engineering solutions on a global basis.	October 2008
David R. Zimmer .. Age 68	Retired Managing Partner, Stonebridge Equity LLC, Troy, Michigan,	Mr. Zimmer is a former CEO of a public company and has also	July 1995

held a CFO position in a public company. His skill sets include strategic planning, financial oversight, compensation, and organizational development.

(A merger, acquisition and value consulting firm); Formerly Chief Executive Officer, Twitchell Corporation, Dothan, AL (A privately held manufacturer and marketer of highly engineered synthetic yarns, fabrics, extrusions, and coatings); Also Director, Detrex Corp. and Strattec Security Corp.

His career includes international business in complex manufacturing related industries, as well as mergers and acquisitions.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE IN FAVOR OF ELECTING THE NOMINEES LISTED ABOVE AS DIRECTORS. UNLESS YOU INDICATE OTHERWISE ON YOUR PROXY, YOUR SHARES WILL BE VOTED "FOR" THE ELECTION OF EACH OF THESE NOMINEES AS DIRECTORS.

The Directors whose terms are continuing, and the classes to which they have been elected, are set forth below. Each Director whose term is continuing was elected to his present term of office by a vote of shareholders at a meeting for which proxies were solicited.

Name and	Principal Occupation and Other	Public Company Directorships	Served as Director
Current Age	Held Within Past Five Years	Skills and Qualifications	Continuously Since

CONTINUING DIRECTORS WHOSE TERMS EXPIRE IN 2015:

David B. Rayburn . . . Age 66	Retired President and Chief Executive Officer, Modine Manufacturing Company, Racine, Wisconsin (A manufacturer of heat exchange equipment)	As a former CEO of a public company, Mr. Rayburn has experience and skill sets in strategic planning, financial oversight, compensation policy and practices as well as organizational structure. In addition, Mr. Rayburn's background includes international business, mergers and acquisitions, engineering and manufacturing in an industry related to the Corporation.	July 2000
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