



SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

Current Report Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) **October 24, 2014**

**TWIN DISC, INCORPORATED**

(exact name of registrant as specified in its charter)

**WISCONSIN**  
(State or other jurisdiction  
of incorporation)

**001-7635**  
(Commission  
File Number)

**39-0667110**  
(IRS Employer  
Identification No.)

**1328 Racine Street**

**Racine, Wisconsin 53403**

(Address of principal executive offices)

Registrant's telephone number, including area code: **(262)638-4000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02 Results of Operations and Financial Condition**

The Company has reported its first quarter 2015 financial results. The Company's press release dated October 28, 2014 announcing the results is attached hereto as Exhibit 99.1 and is incorporated herein in its entirety by reference.

The information set forth in this Item 2.02 of Form 8-K, including Exhibit 99.1, is furnished pursuant to Item 2.02 and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 5.07 Submission of Matters to a Vote of Security Holders**

The Annual Meeting of Shareholders of Twin Disc, Incorporated (the "Company") was held on October 24, 2014. Matters submitted to shareholders at the meeting and the voting results thereof were as follows:

***Proposal No. 1 – Election of Directors.***

The shareholders of the Company elected each of the Director nominees proposed by the Company's Board of Directors to serve until the 2017 Annual Meeting of Shareholders or until their successor is duly elected and qualified. The following is a breakdown of the voting results:

<b>Votes For</b>	<b>Percent(1)</b>	<b>Votes Withheld</b>	<b>Percent(1)</b>	<b>Broker Non-Votes</b>
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Michael E. Batten	9,337,443	96.41%	348,167	3.59%	1,004,913
Michael Doar	9,542,427	98.52%	143,183	1.48%	1,004,913
David R. Zimmer	9,411,978	97.17%	273,632	2.83%	1,004,913

**Proposal No. 2 – Advisory Vote on the Compensation of the Company’s Named Executive Officers.**

In an advisory vote, the shareholders of the Company approved the compensation of the Company’s Named Executive Officers. The following is a breakdown of the voting results:

	Votes For	Votes Against	Abstentions	Broker Non-Votes
Number of Votes Cast:	7,833,951	507,979	1,343,680	1,004,913

**Proposal No. 3 - Appointment of PricewaterhouseCoopers LLP as Independent Registered Public Accounting Firm.**

The shareholders of the Company ratified the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the fiscal year ending June 30, 2015. The following is a breakdown of the voting results:

	Votes For	Votes Against	Abstentions
Number of Votes Cast:	10,540,799	132,608	17,116

(1) Percentages shown for election of Directors (Proposal No. 1) are based on totals of votes cast for and votes withheld from each indicated Director. Abstentions and broker non-votes were not considered as part of the totals on which percentages were based.

**Item 7.01 Regulation FD Disclosure**

The information set forth under Item 2.02 of this report is incorporated herein by reference solely for the purposes of this Item 7.01.

The information set forth in this Item 7.01 of Form 8-K is furnished pursuant to Item 7.01 and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 8.01 Other Events**

On October 24, 2014, each of the non-employee Directors of the Company received 2,942 shares of Restricted Stock under the Twin Disc, Incorporated 2010 Stock Incentive Plan for Non-Employee Directors (the "Director’s Plan"), representing 60% of their annual Board retainer (exclusive of Committee chair fees). A copy of the Director’s Plan was included as Appendix B of the Proxy Statement for the Annual Meeting of Shareholders held on October 15, 2010 (File No. 001-07635). The form of Restricted Stock Agreement entered into between the Company and each non-employee Director was filed as Exhibit 10.3 to the Company’s Form 8-K filed on October 19, 2010 (File No. 001-07635).

**FORWARD LOOKING STATEMENTS**

The disclosures in this report on Form 8-K and in the documents incorporated herein by reference contain or may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believes," "expects," "intends," "plans," "anticipates," "hopes," "likely," "will," and similar expressions identify such forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company (or entities in which the Company has interests), or industry results, to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Certain factors that could cause the Company’s actual future results to differ materially from those discussed are noted in connection with such statements, but other unanticipated factors could arise. Readers are cautioned not to place undue reliance on these forward-looking statements which reflect management’s view only as of the date of this Form 8-K. The Company undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, conditions or circumstances.

**Item 9.01 Financial Statements and Exhibits**

(c) Exhibits

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release announcing first quarter 2015 financial results.

**SIGNATURE**

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: October 28, 2014

Twin Disc, Inc.

/s/ JEFFREY S. KNUTSON

Jeffrey S. Knutson

Corporate Controller & Secretary

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## NEWS RELEASE

**Corporate Offices:  
1328 Racine Street  
Racine, WI 53403**

### FOR IMMEDIATE RELEASE

Contact: Christopher J. Eperjesy  
(262) 638-4343

### TWIN DISC, INC. ANNOUNCES FISCAL 2015 FIRST QUARTER FINANCIAL RESULTS

- Net Earnings Improve to \$0.36 per Diluted Share
- Profitable Sales Mix Increases Gross Margins to 34.5 Percent
  - Sales to Asia Down From Record Levels
- Six-Month Backlog at September 26, 2014 was \$63,979,000

RACINE, WISCONSIN—October 28, 2014—**Twin Disc, Inc. (NASDAQ: TWIN)**, today reported financial results for the fiscal 2015 first quarter ended September 26, 2014.

Sales for the first three months of fiscal 2015 were \$64,824,000, compared to \$66,426,000 for the same period last year. The decline in sales was primarily due to moderating demand in the Company's Asian markets for commercial marine and oil and gas products, partially offset by increased shipments to the Company's North American pressure-pumping customers. Demand from customers in Europe remains weak, while overall demand in North America remains stable influenced by the Company's commercial marine, industrial products, and oil and gas markets.

Gross margin for the fiscal 2015 first quarter was 34.5 percent, compared to 31.1 percent in the fiscal 2014 first quarter. The increase in fiscal 2015 first quarter gross margin was the result of a more profitable mix of business, primarily driven by higher shipments of pressure-pumping transmissions to North American customers.

For the fiscal 2015 first quarter, marketing, engineering and administrative (ME&A) expenses, as a percentage of sales, were 24.5 percent, compared to 23.4 percent for the fiscal 2014 first quarter. ME&A expenses increased \$393,000 versus the same period last fiscal year. The increase in ME&A expenses for the quarter relates to increased bonus expense and general inflationary increases in salaries, wages and benefits, partially offset by lower pension expense and stock-based compensation expense.

The fiscal 2015 first quarter tax rate was 39.0 percent, compared to the fiscal 2014 first quarter rate of 64.4 percent. Both periods were impacted by non-deductible operating losses in a certain foreign jurisdiction that is subject to a full valuation allowance. Adjusting both periods for the non-deductible losses, the fiscal 2015 first quarter rate would have been 36.3 percent, compared to 39.7 percent for the fiscal 2014 first quarter. The fiscal 2014 rate was unfavorably impacted by adjustments to tax on foreign earnings (Canada and Italy) recorded in the first quarter.

Net earnings attributable to Twin Disc for the fiscal 2015 first quarter were \$4,043,000, or \$0.36 per diluted share, compared to earnings of \$1,277,000, or \$0.11 per diluted share, for the fiscal 2014 first quarter.

Earnings before interest, taxes, depreciation and amortization (EBITDA)\* was \$9,364,000 for the fiscal 2015 first quarter, compared to \$6,606,000 for the fiscal 2014 first quarter.

Commenting on the results, John Batten, President and Chief Executive Officer, stated: "Over the past several years demand from customers in Asia was very strong; however demand for commercial marine and oil and gas products in this market moderated unexpectedly in the fiscal 2015 first quarter. We are optimistic demand in Asia will begin to improve throughout the remainder of the year, but expect sales in this region to be down from previous record levels. While quarterly sales declined 2.4 percent, we experienced an 8.3 percent improvement in gross profit dollars as a result of higher oil and gas transmission systems to customers in North America. We are cautiously optimistic demand from the North American oil and gas market will improve throughout the year, but the timing of orders may vary from quarter to quarter."

Christopher J. Eperjesy, Vice President - Finance, Chief Financial Officer and Treasurer, stated: "Our balance sheet remains healthy. At September 26, 2014 the Company had cash of \$25,700,000, compared to \$24,757,000 at June 30, 2014. Total debt was \$23,573,000, compared to \$18,404,000 at June 30, 2014. The increase in debt was primarily due to contributions to the Company's domestic defined benefit plans of \$3,360,000. Total debt to total capital remains low at 13.5 percent at September 26, 2014 and provides the Company with significant liquidity to fund its internal and acquisitive growth plans. Capital expenditures during the fiscal 2015 first quarter were \$2,175,000 compared with \$866,000 for the same period last year. We anticipate investing between \$10,000,000 to \$12,000,000 in capital expenditures during the remainder of the year."

Mr. Batten continued: “Our six-month backlog at September 26, 2014 was \$63,979,000 compared to \$66,102,000 at June 30, 2014 and \$58,053,000 at September 27, 2013. Customer activity remains high but the sales cycle has been extended as customers have grown increasingly cautious on placing orders. As a result, we anticipate sales will remain soft in the second quarter, but in line with the fiscal 2014 second quarter. While we are happy with the performance in the first quarter and the start to the fiscal year, recent order and macro-economic trends cloud our ability to forecast confidently the balance of the year. Certainly, we expect that fiscal 2015 will be a better year, both on the top line and bottom line. Over the past several years, we have significantly diversified our product and geographic mix, which has fundamentally improved our ability to withstand near-term market volatility, such as the unexpected slowdown we experienced in our Asian markets in the first quarter. Our strong balance sheet provides the Company substantial flexibility to support our supply chain and quickly fill orders, fund internal growth initiatives, and invest in potential acquisitions.”

Twin Disc will be hosting a conference call to discuss these results and to answer questions at 11:00 a.m. Eastern Time on Tuesday, October 28, 2014. To participate in the conference call, please dial 888-299-7209 five to ten minutes before the call is scheduled to begin. A replay will be available from 2:00 p.m. October 28, 2014 until midnight November 4, 2014. The number to hear the teleconference replay is 877-870-5176. The access code for the replay is 8375237.

The conference call will also be broadcast live over the Internet. To listen to the call via the Internet, access Twin Disc's website at <http://ir.twindisc.com/index.cfm> and follow the instructions at the web cast link. The archived web cast will be available shortly after the call on the Company's website.

#### About Twin Disc, Inc.

Twin Disc, Inc. designs, manufactures and sells marine and heavy-duty off-highway power transmission equipment. Products offered include: marine transmissions, surface drives, propellers and boat management systems, as well as power-shift transmissions, hydraulic torque converters, power take-offs, industrial clutches and control systems. The Company sells its products to customers primarily in the pleasure craft, commercial and military marine markets, as well as in the energy and natural resources, government and industrial markets. The Company's worldwide sales to both domestic and foreign customers are transacted through a direct sales force and a distributor network.

#### Forward-Looking Statements

This press release may contain statements that are forward looking as defined by the Securities and Exchange Commission in its rules, regulations and releases. The Company intends that such forward-looking statements be subject to the safe harbors created thereby. All forward-looking statements are based on current expectations regarding important risk factors including those identified in the Company's most recent periodic report and other filings with the Securities and Exchange Commission. Accordingly, actual results may differ materially from those expressed in the forward-looking statements, and the making of such statements should not be regarded as a representation by the Company or any other person that the results expressed therein will be achieved.

#### \*Non-GAAP Financial Disclosures

Financial information excluding the impact of foreign currency exchange rate changes and the impact of acquisitions, if any, in this press release are not measures that are defined in U.S. Generally Accepted Accounting Principles (“GAAP”). These items are measures that management believes are important to adjust for in order to have a meaningful comparison to prior and future periods and to provide a basis for future projections and for estimating our earnings growth prospects. Non-GAAP measures are used by management as a performance measure to judge profitability of our business absent the impact of foreign currency exchange rate changes and acquisitions. Management analyzes the company's business performance and trends excluding these amounts. These measures, as well as EBITDA, provide a more consistent view of performance than the closest GAAP equivalent for management and investors. Management compensates for this by using these measures in combination with the GAAP measures. The presentation of the non-GAAP measures in this press release are made alongside the most directly comparable GAAP measures.

#### Definition – Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The sum of, net earnings and adding back provision for income taxes, interest expense, depreciation and amortization expenses: this is a financial measure of the profit generated excluding the above mentioned items.

--Financial Results Follow--

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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In thousands, except per-share data; unaudited)

	Three Months Ended	
	September 26, <u>2014</u>	September 27, <u>2013</u>
Net sales	\$ 64,824	\$ 66,426
Cost of goods sold	<u>42,435</u>	<u>45,759</u>
Gross profit	22,389	20,667
Marketing, engineering and administrative expenses	15,910	15,517
Restructuring of operations	-	<u>1,094</u>
Earnings from operations	6,479	4,056
Interest expense	164	254
Other income, net	<u>(340)</u>	<u>(34)</u>
Earnings before income taxes and noncontrolling interest	6,655	3,836
Income taxes	<u>2,593</u>	<u>2,472</u>
Net earnings	4,062	1,364
Less: Net earnings attributable to noncontrolling interest, net of tax	<u>(19)</u>	<u>(87)</u>
Net earnings attributable to Twin Disc	\$ <u>4,043</u>	\$ <u>1,277</u>
Earnings per share:		
Basic earnings per share attributable to Twin Disc common shareholders	\$ 0.36	\$ 0.11
Diluted earnings per share attributable to Twin Disc common shareholders	\$ 0.36	\$ 0.11
Weighted average shares outstanding:		
Basic	11,270	11,234
Diluted	11,276	11,240
Dividends per share	\$ 0.09	\$ 0.09
Comprehensive income:		
Net earnings	\$ 4,062	\$ 1,364
Other comprehensive income:		
Foreign currency translation adjustment	(4,328)	1,880
Benefit plan adjustments, net	<u>488</u>	<u>450</u>
Comprehensive income	222	3,694
Comprehensive income attributable to noncontrolling interest	<u>(28)</u>	<u>(41)</u>
Comprehensive income attributable to Twin Disc	\$ <u>194</u>	\$ <u>3,653</u>

**RECONCILIATION OF CONSOLIDATED NET EARNINGS TO EBITDA**  
(In thousands; unaudited)

	Three Months Ended	
	September 26, <u>2014</u>	September 27, <u>2013</u>
Net earnings attributable to Twin Disc	\$ 4,043	\$ 1,277
Interest expense	164	254
Income taxes	2,593	2,472
Depreciation and amortization	<u>2,564</u>	<u>2,603</u>
Earnings before interest, taxes, depreciation and amortization	\$ <u>9,364</u>	\$ <u>6,606</u>

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**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands; unaudited)

	<u>September 26,</u> <u>2014</u>	<u>June 30,</u> <u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 25,700	\$ 24,757
Trade accounts receivable, net	39,120	40,219
Inventories, net	97,452	97,579
Deferred income taxes	4,677	4,779
Other	<u>11,988</u>	<u>12,763</u>
<b>Total current assets</b>	<b>178,937</b>	<b>180,097</b>
Property, plant and equipment, net	58,980	60,267
Goodwill, net	13,314	13,463
Deferred income taxes	1,434	2,556
Intangible assets, net	2,659	2,797
Other assets	<u>8,227</u>	<u>7,805</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>263,551</u></b>	<b>\$ <u>266,985</u></b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	\$ 3,575	\$ 3,604
Accounts payable	20,781	22,111
Accrued liabilities	<u>29,730</u>	<u>31,265</u>
<b>Total current liabilities</b>	<b>54,086</b>	<b>56,980</b>
Long-term debt	19,998	14,800
Accrued retirement benefits	32,734	37,006
Deferred income taxes	1,408	1,778
Other long-term liabilities	<u>4,247</u>	<u>4,110</u>
<b>Total liabilities</b>	<b>112,473</b>	<b>114,674</b>
Twin Disc shareholders' equity:		
Common shares authorized: 30,000,000; Issued: 13,099,468; no par value	11,708	11,973
Retained earnings	186,723	183,695
Accumulated other comprehensive loss	<u>(19,792)</u>	<u>(15,943)</u>
	178,639	179,725
Less treasury stock, at cost (1,834,734 and 1,837,595 shares, respectively)	<u>28,097</u>	<u>28,141</u>
<b>Total Twin Disc shareholders' equity</b>	<b><u>150,542</u></b>	<b><u>151,584</u></b>
Noncontrolling interest	536	727
<b>Total equity</b>	<b><u>151,078</u></b>	<b><u>152,311</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ <u>263,551</u></b>	<b>\$ <u>266,985</u></b>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands; unaudited)

Three Months Ended  
September 26,      September 27,  
2014                      2013

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net earnings	\$	4,062	\$	1,364
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization		2,564		2,603
Restructuring of operations		-		1,094
Other non-cash changes, net		962		2,323
Net change in working capital, excluding cash and debt, and other		<u>(7,209)</u>		<u>2,338</u>
Net cash provided by operating activities		<u>379</u>		<u>9,722</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Acquisitions of fixed assets		(2,175)		(866)
Proceeds from sale of fixed assets		89		-
Other, net		<u>(166)</u>		<u>-</u>
Net cash used by investing activities		<u>(2,252)</u>		<u>(866)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Payments of notes payable		(29)		(14)
Borrowings under revolving loan agreement		21,750		16,600
Repayments under revolving loan agreement		(16,550)		(18,905)
Proceeds from exercise of stock options		15		-
Dividends paid to shareholders		(1,015)		(1,015)
Dividends paid to noncontrolling interest		(220)		(486)
Excess tax (shortfall) benefits from stock compensation		(31)		435
Other		<u>(313)</u>		<u>(2,126)</u>
Net cash provided (used) by financing activities		<u>3,607</u>		<u>(5,511)</u>
Effect of exchange rate changes on cash		<u>(791)</u>		<u>(7)</u>
Net change in cash and cash equivalents		943		3,338

**Cash and cash equivalents:**

Beginning of period		<u>24,757</u>		<u>20,724</u>
End of period	\$	<u>25,700</u>	\$	<u>24,062</u>

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