



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): May 15, 2014 (May 12, 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 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On May 14, 2014, Twin Disc, Incorporated (the "Company") received a letter (the "NASDAQ Letter") from the NASDAQ Stock Market LLC ("NASDAQ") indicating that the Company was not in compliance with the listing requirements under NASDAQ Listing Rule 5250(c)(1) (the "NASDAQ Listing Rule"). The Company's non-compliance with the NASDAQ Listing Rule is due to the Company's inability to timely file its Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2014 (the "Form 10-Q") with the U.S. Securities and Exchange Commission. The Company disclosed in its Form 12b-25 Notification of Late Filing, filed on May 7, 2014, that the filing of its Form 10-Q would be delayed as a result of the Company discovering certain accounting issues involving an unknown number of employees at its Belgian subsidiary, Twin Disc International S.A. The Company's Audit Committee has begun an investigation into these matters to determine whether any adjustments will be required with respect to the Company's previously issued financial statements, and whether there are any internal control implications.

The NASDAQ Letter states that the Company has until July 14, 2014 to submit a plan to NASDAQ to regain compliance with the NASDAQ Listing Rule. If NASDAQ accepts the plan, it can grant the Company an exception of up to 180 calendar days from the May 7, 2014 due date of the Form 10-Q (i.e., until November 3, 2014) to regain compliance. In determining whether to grant an exception, and the length of any such exception, NASDAQ will consider the Company's specific circumstances, including the likelihood that the Form 10-Q filing can be made within the exception period, the Company's past compliance history, the reasons for the late filing, corporate events that may occur within the exception period, the Company's general financial status, and the Company's disclosures to the market. If the Company does not submit a plan of compliance, or if the plan is not accepted by NASDAQ, the Company may be subject to the delisting procedures as set forth in the NASDAQ listing rules.

The Company intends to file the Form 10-Q as soon as possible after the Company's Audit Committee has concluded its investigation, but is unable to predict a specific date at this time due to the very early stage of the investigation.

On May 15, 2014, the Company issued a press release announcing its receipt of the NASDAQ Letter. A copy of the Company's press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 8.01 Other Events

The Company is obligated to the following creditors by virtue of the following agreements:

(a) an Amended and Restated Loan Agreement, dated as of May 13, 2011, between the Company and BMO Harris Bank N.A., successor by merger to M&I Marshall & Ilsley Bank;

(b) a Note Agreement, dated as of April 10, 2006, between the Company, The Prudential Insurance Company of America and certain other entities; and

(c) a Credit Agreement, dated as of November 19, 2012, between the Company, Twin Disc International, S.A., and Wells Fargo Bank, National Association,

(each a "Debt Facility").

Under each Debt Facility, the Company's failure to provide quarterly financial statements for the quarter ended March 28, 2014, or failure to provide a Compliance Certificate demonstrating compliance with financial covenants, by the dates specified in the Debt Facility would constitute a triggering event accelerating amounts due under the Debt Facility if the creditor provided notice to the Company. The Company has received consents from each of the foregoing creditors (collectively, the "Consents") delaying the Company's obligation to provide such financial statements and Compliance Certificates until June 20, 2014.

Copies of each of the Consents from the creditors listed in paragraphs (a) through (c) above are attached to this Current Report on Form 8-K as Exhibits 99.2, 99.3, and 99.4, respectively.

Forward-Looking Statements

Some of the statements in this Current Report on Form 8-K, including, without limitation, statements relating to an anticipated timeframe for filing the Form 10-Q and for filing a plan with NASDAQ to regain compliance with the NASDAQ Listing Rule, are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words "anticipates," "believes," "intends," "estimates," and "expects," or similar anticipatory expressions, usually identify forward-looking statements. These forward-looking statements may materially differ from actual results due to a variety of factors, including, without limitation, if the Audit Committee or its independent advisors require additional time to complete the investigation, and the actual results of the investigation.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release, dated May 15, 2014, issued by Twin Disc, Incorporated.
99.2	Consent and Waiver, dated May 12, 2014, from BMO Harris Bank N.A., successor-by-merger to M&I Marshall & Ilsley Bank.
99.3	Consent to Modification of Note Agreement, dated May 13, 2014, from The Prudential Insurance Company of America, PRUCO Life Insurance Company, PRUCO Life Insurance Company of New Jersey, Security Life Insurance Company, Inc., Prudential Annuities Life Assurance Corporation, and Mutual of Omaha Insurance Company.
99.4	Consent to Credit Agreement, dated May 12, 2014, from Wells Fargo Bank, National Association.

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: May 15, 2014

Twin Disc, Incorporated

/s/ JEFFREY S. KNUTSON

Jeffrey S. Knutson

Corporate Controller & Secretary



NEWS RELEASE

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

FOR IMMEDIATE RELEASE

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

TWIN DISC, INC. RECEIVES NASDAQ NOTICE REGARDING LATE FORM 10-Q FILING

RACINE, WISCONSIN—May 15, 2014— **Twin Disc, Inc. (NASDAQ: TWIN)**, received a letter on May 14, 2014 from the Nasdaq Stock Market LLC (“Nasdaq”) notifying Twin Disc that it was not in compliance with Nasdaq Rule 5250(c)(1) related to the filing of periodic financial reports with the Securities and Exchange Commission (“SEC”). The issuance of the letter is based upon Twin Disc not filing its Quarterly Report on Form 10-Q for the quarter ended March 28, 2014 on or before the due date of May 7, 2014.

On May 7, 2014, the Company filed a notification of late filing with the SEC pursuant to Rule 12b-25 under the Securities Exchange Act of 1934, as amended. As disclosed in the filed Form 12b-25, the Company was unable to file its Quarterly Report on Form 10-Q for the period ended March 28, 2014 as a result of the Company discovering certain accounting issues involving an unknown number of employees at its Belgian subsidiary, Twin Disc International S.A. The Company’s Audit Committee has begun an investigation into these matters to determine whether any adjustments will be required with respect to the Company’s previously issued financial statements, and whether there are any internal control implications.

The issuance of the letter has no immediate effect on the listing of Twin Disc’s common stock. The Company intends to file its quarterly report on Form 10-Q for the quarter ended March 28, 2014 as soon as possible after the completion of an Audit Committee investigation, but is unable to predict a specific date at this time due to the very early stage of the investigation.

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

Some of the statements in this press release, including, without limitation, statements relating to an anticipated timeframe for filing the Form 10-Q, are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipates,” “believes,” “intends,” “estimates,” and “expects,” or similar anticipatory expressions, usually identify forward-looking statements. These forward-looking statements may materially differ from actual results due to a variety of factors, including, without limitation, if the Audit Committee or its independent advisors require additional time to complete the investigation, and the actual results of the investigation.

CONSENT AND WAIVER

This Consent and Waiver (this "Consent") is made as of May 12, 2014 and is by and between TWIN DISC, INCORPORATED, a Wisconsin corporation (the "Borrower"), and BMO HARRIS BANK N.A., successor-by-merger to M&I Marshall & Ilsley Bank ("BMO").

A. The Borrower and BMO have entered into an Amended and Restated Loan Agreement dated as of May 13, 2011 (as amended, supplemented or otherwise modified through the date hereof, the "Loan Agreement"). Any terms which are used herein but are not defined herein shall have the meaning for such terms as set forth in the Loan Agreement.

B. The Borrower has requested that BMO consent to certain changes to, and waive certain provisions of, the Loan Agreement on the terms and conditions set forth below.

1. Consent and Waiver. The Borrower has informed BMO that the Borrower will not be able to deliver to BMO (a) the consolidated balance sheet of Borrower and its consolidated Subsidiaries and the consolidated statements of income and surplus of the Borrower and its consolidated Subsidiaries (collectively, the "Financial Statements") for its fiscal quarter ending March 28, 2014, as required under Section 5.4(a) of the Loan Agreement, and (b) the Officer's Certificate demonstrating Borrower's calculation and analysis as to financial covenant compliance, as required under Section 5.4(c) of the Loan Agreement, within the applicable time periods as required under the Loan Agreement which would require delivery of the items under clause (a) above within 30 days after the end of such quarter and delivery of the items under clause (b) above within 45 days after the end of such quarter. BMO agrees that the Borrower's failure to deliver the Financial Statements and the Officer's Certificate within 30 and 45 days, respectively, after the end of the quarter ending March 28, 2014 shall not constitute an Event of Default under the Loan Agreement provided that (i) the Borrower shall deliver to BMO the Financial Statements required by Section 5.4(a) of the Loan Agreement by no later than June 20, 2014 and Borrower shall deliver to BMO the Officer's Certificate required by Section 5.4(c) of the Loan Agreement by no later than June 20, 2014, and (ii) if the Borrower is obligated to deliver the same Financial Statements to any creditor under the Prudential Agreement or to any other creditor (including, without limitation, Wells Fargo Bank, National Association) under any other loan agreements or documents which evidence Permitted Indebtedness, Borrower shall obtain a similar consent and waiver pertaining to the delayed delivery of such Financial Statements as necessary from all such other creditors so as to remain in compliance with and avoid an event of default under the Prudential Agreement and all other documents which evidence Permitted Indebtedness.

The Borrower acknowledges and agrees that any failure to comply with the provisions of this Section 1 shall constitute an immediate Event of Default under the Loan Agreement and that upon such occurrence, BMO shall have all rights and remedies set forth in the Loan Agreement with respect to such Event of Default.

This Consent is only a consent to the transactions as described in this Consent and a waiver of the specific covenants specified in this Consent for the transactions as specified in this Consent. Nothing contained in this Consent shall be construed as a waiver of these or any other covenants for any subsequent period or any other waiver of any covenant contained in the Loan Agreement.

2. Representations, Warranties and Acknowledgements. The Borrower hereby confirms that each of the representations and warranties contained in the Loan Agreement is true and correct in all material respects on and as of the date hereof as if made on the date hereof; and that No Default or Event of Default has occurred and is continuing as of the date hereof.

3. Effective Date. This Consent shall become effective upon the execution and delivery hereof by the Borrower and BMO.

4. Reference to and Effect Upon the Loan Agreement.

(a) Except as specifically waived and consented to above, the Loan Agreement shall remain in full force and effect and are hereby ratified and confirmed by Borrower.

(b) The execution, delivery and effectiveness of this Consent shall not operate as a waiver of any right, power or remedy of BMO under the Loan Agreement, nor constitute a waiver of any provision of the Loan Agreement, except as specifically set forth herein.

5. GOVERNING LAW. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE CONSENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WISCONSIN, WITHOUT REGARD TO ITS CHOICE OF LAW RULES.

6. Headings. Section headings in this Consent are included herein for convenience of reference only and shall not constitute a part of this Consent for any other purposes.

7. Counterparts. This Consent may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Consent as of the day and year first above written.

TWIN DISC, INCORPORATED,
Borrower

By:
Its:

BMO HARRIS BANK N.A.

By:
Its:

QB\26983093.1

May 13, 2014

Twin Disc, Incorporated
1328 Racine Street
Racine, Wisconsin 53403
Attention: Mr. Christopher J. Eperjesy

Re: Consent to Modification of Note Agreement

Ladies and Gentlemen:

This letter amendment (this "**Letter**") makes reference to that certain Note Agreement, dated as of April 10, 2006 (as amended by Amendment No. 1 thereto dated March 1, 2007, Amendment No. 2 thereto dated August 22, 2007, Amendment No. 3 thereto dated February 19, 2009, Amendment No. 4 thereto dated May 27, 2009, Amendment No. 5 thereto dated March 9, 2011, Amendment No. 6 thereto dated November 29, 2011 and Amendment No. 7 thereto dated November 19, 2012 the "**Note Agreement**"), among The Prudential Insurance Company of America, Pruco Life Insurance Company, Pruco Life Insurance Company of New Jersey, Security Benefit Life Insurance Company, Inc., American Skandia Life Assurance Corporation, Mutual of Omaha Insurance Company (collectively, the "**Holders**" and each, a "**Holder**") and Twin Disc, Incorporated, a Wisconsin corporation (the "**Company**"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Note Agreement, as amended hereby.

The Company has requested that the Holders grant certain consents with respect to the Note Agreement as set forth below. Subject to the terms and conditions hereof, the Holders are willing to agree to such requests.

Accordingly, and in accordance with the provisions of paragraph 11C of the Note Agreement, the parties hereto agree as follows:

SECTION 1. Consent. Effective upon the Effective Date (as defined in Section 2 below), notwithstanding anything to the contrary contained in the Note Agreement, the Holders hereby consent to the extension of time until June 20, 2014 for the Company to deliver, in respect of the fiscal quarter ended March 28, 2014, the financial statements (and accompanying officer's certificate) and Compliance Certificate as required pursuant to paragraphs 5D(i) and 5D(iii) of the Note Agreement.

SECTION 2. Effectiveness. The consent in Section 1 of this Letter shall become effective on the date (the "**Effective Date**") of satisfaction of the following:

- (a) Receipt by each Holder party hereto of copies of counterparts of this Letter executed by the Company and the Required Holders; and
- (b) Receipt by each Holder party hereto of a copy of a consent under (i) the Credit Agreement and (ii) the Wells Fargo Agreement, each in form and substance reasonably satisfactory to the Required Holders, duly executed by the Company and the respective lenders thereunder, and such consent shall be in full force and effect.

SECTION 3. Representations and Warranties. The Company represents and warrants to the Holders that, after giving effect hereto (a) each representation and warranty set forth in paragraph 8 of the Note Agreement is true and correct as of the date of the execution and delivery of this Letter by the Company with the same effect as if made on such date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they were true and correct as of such earlier date), (b) no Event of Default or Default exists and (c) neither the Company nor any of its Subsidiaries has paid or agreed to pay, and neither the Company nor any of its Subsidiaries will pay or agree to pay, any fees or other consideration to any Person in connection with the consents referenced in Section 2(b) hereof.

SECTION 4. Reference to and Effect on Note Agreement. Upon the effectiveness of the modifications made in this Letter, each reference to the Note Agreement in any other document, instrument or agreement shall mean and be a reference to the Note Agreement as modified by this Letter. Except as specifically set forth in Section 1 hereof, the Note Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. The Company hereby represents and warrants that all necessary or required consents to this Letter have been obtained and are in full force and effect. Except as specifically stated in Section 1 of this Letter, the execution, delivery and effectiveness of this Letter shall not (a) modify or amend the Note Agreement or any Note, (b) operate as a waiver of any right, power or remedy of the holder of any Note, or (c) constitute a waiver of, or consent to any departure from, any provision of the Note Agreement or any Note at any time. The execution, delivery and effectiveness of this Letter shall not be construed as a course of dealing or other implication that any Holder has agreed to or is prepared to grant any amendments to the Note Agreement or any Note in the future, whether or not under similar circumstances.

SECTION 5. Expenses. The Company hereby confirms its obligations under the Note Agreement, whether or not the transactions hereby contemplated are consummated, to pay, promptly after request by any Holder, all reasonable out-of-pocket costs and expenses, including attorneys' fees and expenses, incurred by the Holders in connection with this Letter or the transactions contemplated hereby, in enforcing any rights under this Letter, or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Letter or the transactions contemplated hereby. The obligations of the Company under this Section 5 shall survive transfer by any Holder of any Note and payment of any Note.

SECTION 6. Governing Law. THIS LETTER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS OF SUCH STATE WHICH WOULD OTHERWISE CAUSE THIS LETTER TO BE CONSTRUED OR ENFORCED OTHER THAN IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

SECTION 7. Counterparts; Section Titles. This Letter may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Letter by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart of this Letter. The section titles contained in this Letter are and shall be without substance, meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

[remainder of page intentionally left blank; signature page follows]

Very truly yours,

**THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA**

By: _____

Vice President

PRUCO LIFE INSURANCE COMPANY

By: _____

Assistant Vice President

**PRUCO LIFE INSURANCE COMPANY OF
NEW JERSEY**

By: _____

Assistant Vice President

**SECURITY BENEFIT LIFE INSURANCE
COMPANY, INC.**

By: Prudential Private Placement Investors,
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.
(as its General Partner)

By: _____

Vice President

**PRUDENTIAL ANNUITIES LIFE
ASSURANCE CORPORATION**

By: Prudential Investment Management, Inc.,
(as Investment Manager)

By: _____

Vice President

**MUTUAL OF OMAHA INSURANCE
COMPANY**

By: Prudential Private Placement Investors,
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.
(as its General Partner)

By: _____
Vice President

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Signature Page
Consent to Modification of Twin Disc Note Agreement

THE LETTER IS AGREED TO

AND ACCEPTED BY:

TWIN DISC, INCORPORATED

By: _____

Name: _____

Title: _____

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Signature Page

Consent to Modification of Twin Disc Note Agreement

CONSENT TO CREDIT AGREEMENT

CONSENT TO CREDIT AGREEMENT (this "Consent"), dated as of May 12, 2014, among TWIN DISC, INCORPORATED, a Wisconsin corporation ("Parent"), TWIN DISC INTERNATIONAL, S.A., a Belgian corporation ("TD International" and, together with Parent, the "Borrowers"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (the "Lender").

BACKGROUND

A. The Borrowers and the Lender are party to that certain Credit Agreement dated as of November 19, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. The Borrowers have requested that the Lender grant certain consents with respect to the Credit Agreement.

C. The Lender is willing to enter into this Consent to grant such consents with respect to the Credit Agreement, upon the terms and conditions set forth below.

NOW THEREFORE, in consideration of the matters set forth in the recitals and the covenants and provisions herein set forth, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

Section 1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

Section 2. Consents. Notwithstanding anything to the contrary contained in the Credit Agreement, the Lender hereby consents to the extension of the time for the Borrowers to deliver the financial information and reports and the Officer's Certificate in respect of the fiscal quarter ended March 28, 2014 pursuant to Sections 7.4(a) and (c) of the Credit Agreement until June 20, 2014.

Section 3. Effectiveness of Consent. This Consent shall be effective as of the date first set forth above, subject to receipt by the Lender of executed counterparts hereof from the Borrowers and the Lender.

Section 4. Miscellaneous.

(a) Effect of Consent. Except as specifically provided herein, all provisions of the Credit Agreement shall remain in full force and effect to the extent in effect immediately prior to this Consent and are hereby ratified and confirmed. The execution, delivery and effectiveness of this Consent shall not operate as a waiver of any right, power or remedy of the Lender under the Credit Agreement or any Loan Document, nor constitute a waiver of any provision of the Credit Agreement or any Loan Document, except as specifically set forth herein. This Consent shall constitute a Loan Document.

(b) Counterparts. This Consent may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of the executed counterpart of this Consent by facsimile or other electronic transmission shall be as effective as delivery of a manually executed counterpart to this Consent.

(c) Captions. Section captions used in this Consent are for convenience only, and shall not affect the construction of this Consent.

(d) Entire Agreement. This Consent, embodies the entire agreement and understanding among the parties hereto and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof.

(e) Costs and Expenses. The Borrowers hereby affirm their obligation under Section 10.3 of the Credit Agreement to reimburse the Lender for all reasonable out-of-pocket expenses incurred by the Lender in connection with the preparation, negotiation, execution and delivery of this Consent, including but not limited to the reasonable fees, charges and disbursements of counsel to the Lender.

Section 5. Governing Law. THIS CONSENT AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS CONSENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Consent to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWERS:

TWIN DISC, INCORPORATED

By: _____
Title: _____

TWIN DISC INTERNATIONAL, S.A.

By: _____
Title: _____

LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Lender

By: _____
Title: _____
