

TWIN DISC, INCORPORATED
Compensation and Executive Development Committee Charter

I. Purpose

The primary purpose of the Compensation and Executive Committee (the “Committee”) is: (i) to assist the Board in discharging its responsibilities in respect to the compensation of the Company's executive officers; (ii) to review and approve management’s Compensation Discussion and Analysis report for inclusion in the Company's proxy statement; (iii) to lead the process of management succession; and (iv) to review the process of executive leadership development. The Committee approves the design of, assesses the effectiveness of, and administers executive compensation programs in support of compensation policies of the Company.

II. Organization

The Committee shall consist of three or more directors, each of whom shall satisfy the applicable independence requirements of Rule 5605(a)(2) of the NASDAQ Stock Market, Inc. and any other regulatory requirements. In addition, no member of the Committee may accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof. Compensatory fees shall not include: (i) fees received as a member of the Committee, the Board of Directors of the Company or any other Board committee; or (ii) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service).

Committee members shall be elected by the Board at the October meeting of the Board of Directors; members shall serve until their successors shall be duly elected and qualified. In determining whether a director is eligible to serve on the Committee, the Board shall consider whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of the Company in order to determine if the affiliation would impair the director’s judgment as a member of the Committee. The Committee’s chairperson shall be designated by the full Board or, if it does not do so, the Committee members shall elect a chairperson by vote of a majority of the full Committee.

The Committee may form and delegate authority to subcommittees when appropriate.

III. Structure and Meetings

The Committee will meet at least three times each year. The chairperson of the Committee will preside at each meeting of the Committee and, in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The chairperson will ensure that the agenda for each meeting is circulated in advance of the meeting. The Chief Executive Officer of the Company may not be present during Committee deliberations or voting on the Chief Executive Officer’s compensation.

IV. Goals and Responsibilities

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

- A. develop guidelines and review the compensation and performance of officers of the Company, review and approve corporate goals relevant to the compensation of the officers, evaluate the officers’ performance in light of these goals and objectives, determine compensation of the Chief Executive Officer and all other executive officers of the Company based on this evaluation, and review and approve management’s Compensation Discussion and Analysis report for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations;

- B. identify an appropriate benchmark of comparative companies' compensation practices, to enable the Committee to target compensation levels at rates that are reflective of current market practices;
- C. consider all elements of an executive's total compensation package, including base salary, annual incentives, long-term compensation, severance plans, insurance, and other benefits;
- D. make recommendations to the Board with respect to incentive compensation plans and equity-based plans, including approval of specific threshold and target goals relating to executive bonus opportunities, and establish criteria for the granting of equity-based compensation to the Company's officers and other employees and review and approve the granting of equity-based compensation in accordance with such criteria;
- E. annually review the potential risk to the Company from its employee compensation programs and policies, including any incentive plans, and assess whether such programs and policies encourage excessive risk-taking or are reasonably likely to have a material adverse impact on the Company.
- F. review director compensation levels and practices, and recommend, from time to time, changes in such compensation levels and practices to the Board with equity ownership in the Company encouraged;
- G. annually review the adequacy and status of the Company's management succession plans;
- H. review the development plans for individual executives;
- I. annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval; and
- J. perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deem appropriate.

V. Performance Evaluation

The Committee shall conduct an annual performance evaluation of its actions as they relate to the execution of the Committee's responsibilities in connection with the compensation of the Company's executive officers and succession planning for Company management.

VI. Committee Resources

The Committee shall have the authority, in its sole discretion, to retain or obtain the advice from compensation consultants, legal counsel, or other advisers, and shall be responsible for the appointment, compensation, and oversight of the work of compensation consultants, legal counsel, or advisers retained by the Committee. The Company shall provide appropriate funding, as determined by Committee, for payment of reasonable compensation to any compensation consultant, legal counsel, or other adviser retained by the Committee.

Before selecting or receiving advice from any compensation consultant, legal counsel, or other adviser, the Committee shall evaluate the independence of such compensation consultant, legal counsel, or other advisor based on the following six factors:

- The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

- Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
- Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

The foregoing evaluation requirement shall not apply to in-house legal counsel or with respect to a compensation adviser that acts in a role limited to the following: (I) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Corporation, and that is available generally to all salaried employees; and/or (II) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

VII. Disclosure of Charter

This Charter will be made available on the Company's website at www.twindisc.com