



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) **February 19, 2015**

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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

At its meeting on February 19, 2015, the Compensation and Executive Development Committee (the "Committee") of the Board of Directors of Twin Disc, Incorporated (the "Company") approved the following compensatory arrangements as to Jeffrey S. Knutson:

Name and Position	Base Salary	Target Bonus as % of Base Salary
Jeffrey S. Knutson Vice President – Finance, Interim Chief Financial Officer, Interim Treasurer, Corporate Controller, and Secretary	\$275,000	50%

The above increase in Mr. Knutson's base salary is effective February 23, 2015.

The target incentive bonus is based on the FY 2015 Corporate Incentive Plan ("CIP"), which the Committee adopted and approved on July 30, 2014. The CIP establishes the target bonus for Mr. Knutson based on the following factors and relative weights for each factor: (i) corporate economic profit (70%), (ii) inventory turns (15%), and (iii) sales growth (15%). In no event will an incentive payment under the CIP exceed 200% of the target. An incentive payment to Mr. Knutson under the CIP may be increased or decreased by up to 20%, at the discretion of the Chief Executive Officer.

In addition, the Committee also granted 2,500 shares of restricted stock to Mr. Knutson. The shares will vest on July 30, 2017, provided Mr. Knutson remains employed as of such vesting date. The restricted stock will fully vest if Mr. Knutson terminates employment due to death or disability, or following a change in control of the Company. A copy of the Form of Restricted Stock Grant Agreement is attached as Exhibit 10.1.

Finally, at its February 19, 2015 meeting, the Board of Directors of the Company promoted Mr. Knutson to Vice President – Finance. Mr. Knutson will continue to serve as Interim Chief Financial Officer and Interim Treasurer, as well as Corporate Controller and Secretary.

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
10.1	Form of Restricted Stock Grant Agreement

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: February 25, 2015

Twin Disc, Inc.

/s/ JEFFREY S. KNUTSON
Jeffrey S. Knutson
Vice President – Finance,
Interim Chief Financial Officer,
Interim Treasurer,
Corporate Controller, and
Secretary

RESTRICTED STOCK GRANT AGREEMENT

THIS AGREEMENT, by and between TWIN DISC, INCORPORATED (the "Company") and **JEFFREY S. KNUTSON** (the "Employee") is dated this 19th day of February, 2015.

WHEREAS, the Company adopted a Long-Term Incentive Compensation Plan in 2010, whereby the Compensation Committee of the Board of Directors (the "Committee") is authorized to award shares of common stock of the Company to officers and key employees carrying restrictions such as a prohibition against disposition and establishing a substantial risk of forfeiture; and

WHEREAS, the Committee has determined it to be in its best interests of the Company to provide the Employee with an inducement to acquire or increase his equity interest in the Company.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements herein set forth, the parties hereto agree as follows:

1. Stock Grant. Subject to the terms of the Plan, a copy of which has been provided to the Employee and is incorporated herein by reference, the Company grants to the Employee **2,500** shares of the common stock of the Company, subject to the terms and conditions and restrictions set forth below.

If at any time while this Agreement is in effect (or shares of common stock granted hereunder shall be or remain unvested while Employee's employment continues and has not yet terminated or ceased for any reason), there shall be any increase or decrease in the number of issued and outstanding shares of the Company through the declaration of a stock dividend or through any recapitalization resulting in a stock split-up, combination or exchange of such shares, then the Committee shall make any adjustments it deems fair and appropriate (in view of such change) in the number of shares of common stock then subject to this Agreement. If any such adjustment shall result in a fractional share, such fraction shall be disregarded.

2. Fair Market Value. The fair market value of the shares granted was Eighteen Dollars and Eighteen Cents (\$18.18) per share on the date of grant.

3. Price Paid by Employee. The price to be paid by the Employee for the shares granted shall be No Dollars (\$0.00) per share.

4. Transferability. For a period ending July 30, 2017 the shares granted shall not be subject to sale, assignment, pledge or other transfer of disposition by the Employee, except as provided in Sections 6 or 7, or except by reason of an exchange or conversion of such shares because of merger, consolidation, reorganization or other corporate action. Any shares into which the granted shares may be converted or for which the granted shares may be exchanged in a merger, consolidation, reorganization or other corporate action shall be subject to the same transferability restrictions as the granted shares.

On July 30, 2017, one hundred percent (100%) of the shares granted shall become freely transferable.

5. Forfeitability. Except as provided in Section 6 of this Agreement, if the employment of the Employee shall terminate prior to July 30, 2017 other than by reason of death or permanent disability, the shares granted (or any shares into which they may have been converted or for which they may have been exchanged) shall be forfeited. If the Employee continues to be employed on the third anniversary of the date of grant, the shares shall become non-forfeitable.

6. Termination Following Change in Control. Notwithstanding Sections 4 and 5 of this Agreement, if an event constituting a Change in Control of the Company occurs and the Employee thereafter either terminates employment for Good Reason or is involuntarily terminated by the Company without cause, the transferability provisions and the forfeitability provisions shall immediately cease to apply. Employee's continued employment with the Company, for whatever duration, following a Change in Control of the Company shall not constitute a waiver of his or her rights with respect to this Section 6. Employee's right to terminate his or her employment pursuant to this Subsection shall not be affected by his or her incapacity due to physical or mental illness. For purposes of this Section 6:

- (a) "Good Reason" shall mean any of the following, without the Employee's written consent:
 - (i) the assignment to Employee of duties, responsibilities or status that constitute a material diminution from his or her present duties, responsibilities and status or a material diminution in the nature or status of Employee's duties and responsibilities from those in effect as of the date hereof;
 - (ii) a material reduction by the Company in Employee's base salary as in effect on the date hereof or as the same shall be increased from time to time ("Base Salary");
 - (iii) a material change in the geographic location at which the Employee must provide services; or
 - (iv) a material change in or termination of the Company's benefit plans or programs or the Employee's participation in such plans or programs (outside of a good faith, across-the-board reduction of general application) in a manner that effectively reduces their aggregate value.
- (b) "Change in Control of the Company" shall be deemed to occur in any of the following circumstances:
 - (i) if there occurs a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") whether or not the Company is then subject to such reporting requirement;
 - (ii) if any "person" (as defined in Sections 13(d) and 14(d) of the Exchange Act) other than John H. Batten or any member

of his family (the "Batten Family"), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities;

(iii) if during any period of two (2) consecutive years (not including any period prior to the execution of this Agreement) there shall cease to be a majority of the Board comprised as follows: individuals who at the beginning of such period constitute the Board and any new director(s) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved; or

(iv) if the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets.

(c) To constitute a termination for Good Reason hereunder:

- (i) Termination of employment must occur within two years following the existence of a condition that would constitute Good Reason hereunder; and
- (ii) Employee must provide notice to the Company of the existence of a condition that would constitute Good Reason within 90 days following the initial existence of such condition. The Company shall be provided a provided a period of 30 days following such notice during which it may remedy the condition. If the condition is remedied, the Employee's subsequent voluntary termination of employment shall not constitute termination for Good Reason based upon the prior existence of such condition.

7. Death/Disability. Upon the death or permanent disability of the Employee while employed by the Company the transferability provisions and the forfeitability provisions shall cease to apply. Whether the Employee shall be considered permanently disabled for purposes of this Plan shall be conclusively determined by the Committee.

8. Rights of Shareholder. Upon the date of issuance of certificates for shares granted, the Employee shall otherwise have all the rights of a shareholder including the right to receive dividends and to vote shares. Cash and stock dividends shall be payable to the Employee as they are paid by the Company, even if the restrictions on the shares to which such dividends relate have not yet lapsed. The certificates representing such shares shall be held by the Company for account of the Employee, and shall be delivered to the Employee as and when the shares represented thereby become non-forfeitable.

9. Section 83(b) Election. The Employee acknowledges that: (1) the stock granted pursuant to the Plan and this Agreement is restricted property for purposes of Section 83(b) of the Internal Revenue Code and that the shares granted are subject to a substantial risk of forfeiture as therein defined until the year in which such shares are no longer subject to a substantial risk of forfeiture; and (2) that the Employee may make an election to include the fair market value of the shares in income in the year of the grant in which case no income is included in the year the shares are no longer subject to a substantial risk of forfeiture. Responsibility for determining whether or not to make such an election and compliance with the necessary requirements is the sole responsibility of the Employee.

10. Restrictions on Transfer. The Employee agrees for himself and his heirs, legatees and legal representatives, with respect to all shares granted hereunder (or any securities issued in lieu of or in substitution or exchange therefore) that such shares will not be sold or transferred except pursuant to an effective registration statement under the Securities Act of 1933, as amended, or until the Company is provided with an opinion of counsel that a proposed sale or transfer will not violate the Securities Act of 1933, as amended. The Employee represents that such shares are being acquired for the Employee's own account and for purposes of investment, and not with a view to, or for sale in connection with, the distribution of such shares, nor with any present intention of distributing such shares.

11. Employment Status. Neither this Agreement nor the Plan imposes on the Company any obligation to continue the employment of the Employee.

TWIN DISC, INCORPORATED

By: _____
Its: _____

EMPLOYEE:

JEFFREY S. KNUTSON

