



The  
Investor Services Program  
For  
Shareholders  
Of  
Twin Disc, Inc.



*Program Sponsored and Administered by*

**Mellon Bank, N.A.**

*Not by Twin Disc, Inc.*



## Protecting Your Privacy

### Our Pledge to You

**WE ARE COMMITTED TO YOUR PRIVACY.** The privacy policies described in this notice apply to individuals who participate in this Plan for personal, family, or household purposes, or have done so in the past. This notification replaces all previous statements of our information sharing practices, and may be amended at any time. We'll keep you informed of changes as required by law.

**YOUR ACCOUNT IS PROVIDED IN A SECURE ENVIRONMENT.** We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard nonpublic personal information. Our agents and service providers have limited access to customer information based on their role in servicing your account.

**WE COLLECT INFORMATION IN ORDER TO SERVICE AND ADMINISTER YOUR ACCOUNT.** We collect a variety of nonpublic personal information, which may include information about you from the plan enrollment form and information about your transactions with us.

**WE DO NOT SHARE NONPUBLIC PERSONAL INFORMATION WITH ANYONE, EXCEPT AS PERMITTED BY LAW.**

*Thank you for this opportunity to serve you.*



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## INVESTOR SERVICES PROGRAM OVERVIEW

**T**he Mellon Investor Services Program (the “Program”) offers you a variety of convenient, low-cost services to make it easier for you to invest in the common stock of Twin Disc, Inc. The Program has various features and you can choose the Program features that meet your investment needs. The principal terms and conditions of the Program are summarized in this brochure. A copy of the full terms and conditions of the Program is available from the Administrator upon request. Mellon Bank, N.A. (the “Administrator”) administers the Program, and certain administrative support will be provided to the Administrator by Mellon Investor Services, a registered transfer agent.

The Program is designed for long-term investors who wish to invest and build their share ownership over time. The Program offers a convenient and economical means to own shares. **Unlike an individual stock brokerage account, the timing of purchases and sales is subject to the provisions of the Program, as discussed on pages 3 through 10.**

You can participate in the Program if you are a registered holder or employee of Twin Disc, Inc. common stock. If you do not own Twin Disc, Inc. common stock, you can become a participant by making your initial purchase directly through the Program. The Program provides you with the opportunity to reinvest dividends and an alternative to traditional methods of buying, holding and selling Twin Disc, Inc. common stock.

Read on for a more detailed description of the features of the Mellon Investor Services Program as offered for Twin Disc, Inc. If you would like to participate in the Program, you can enroll online via Investor ServiceDirect® or by completing the enclosed Enrollment Form and mailing it to the Administrator in the envelope provided. Please see question number 19 for information on how to access Investor ServiceDirect®.

## KEY FEATURES OF PROGRAM

### **ANYONE CAN PARTICIPATE**

You may participate in the Program if you currently own Twin Disc, Inc. common stock that is registered in your name or you can participate by making your initial investment in common stock through the Program with a minimum initial investment of \$250. Alternatively, you may authorize the automatic monthly investment feature and initiate your investment with only \$25 and a commitment for at least ten sequential purchases by electronic automatic debit.

### **OPTIONAL CASH PURCHASES**

Once you are a registered shareholder, you can buy Twin Disc, Inc. common stock and pay fees and commissions lower than those typically charged by stockbrokers for small transactions. You can make additional purchases of Twin Disc, Inc. stock in amounts as little as \$25 per purchase, up to \$250,000 annually, and either pay by check or have your payment automatically deducted from your bank account.

### **CONVENIENT SHARE SALES**

You can sell Twin Disc, Inc. common stock and pay fees lower than those typically charged by stockbrokers for small transactions.

### **FULL INVESTMENT**

Full investment of your funds, less fees, is possible because you will be credited with both whole shares and fractional shares. Dividends will be paid not only on whole shares but also proportionately on fractional shares.

### **AUTOMATIC DIVIDEND REINVESTMENT**

You can reinvest all or a portion of your dividends in additional shares of Twin Disc, Inc. common stock, or the Administrator will remit any dividends to you either by check or by automatic deposit to a bank account you designate.

### **SHARE SAFEKEEPING**

You can deposit your Twin Disc, Inc. common stock certificates with the Administrator for safekeeping, at no cost to you. You can request withdrawal of any or all of your whole shares of Twin Disc, Inc. common stock. A certificate for those shares will be sent to you, free of charge.

### **GIFTS AND OTHER SHARE TRANSFERS**

You can make gifts or other transfers of Twin Disc, Inc. common stock you hold in your Program account.

## SUMMARY OF TERMS AND CONDITIONS

### **1. How can I participate in the Program?**

If you already own Twin Disc, Inc. common stock and the shares are registered in your name, you may participate immediately. You may participate by choosing to reinvest all or part of your quarterly dividend, or by making an additional investment.

Shareholders of record who elect to reinvest all or part of their dividend, will have access to their account on-line over the Internet and will receive quarterly account statements.

If your shares are held for you in a brokerage account, you may direct your broker to register all or any number of whole shares in your own name through the Direct Registration System, then you may participate as a registered owner as indicated above

If you do not currently own any Twin Disc, Inc. common stock, you can participate by making an initial investment through the Program. Please see question number 5 for details regarding an initial investment.

While there is no cost to enroll in the Program, please refer to the Investor Services Program Fee schedule for more information on purchase, reinvestment and trading fees.

### **2. How do I get started?**

Enrollment is available on-line through Investor ServiceDirect® (see question number 19 for information on how to access Investor ServiceDirect®). Alternatively, you may enroll by completing the enclosed Enrollment Form and mailing it to the Administrator in the envelope provided. Your participation will begin promptly after your authorization is received. Once you have enrolled, your participation continues automatically, as long as you wish.

### **3. How do I reinvest dividends?**

You may choose to reinvest all or a portion of the dividends paid on shares you own of Twin Disc, Inc. common stock in additional shares of Twin Disc, Inc. common stock.

You may change your election at any time on-line through Investor ServiceDirect® or by notifying the Administrator. To be effective with respect to a particular dividend, any such change must be received by the Administrator on or before the record date for that dividend.

You may, of course, choose not to reinvest any of your dividends, in which case the Administrator will remit any dividends to you by check or automatic deposit to a bank account you designate.

## SUMMARY OF TERMS AND CONDITIONS

### **4. When are dividends reinvested?**

The Administrator will invest dividends in additional shares of Twin Disc, Inc. common stock purchased on the open market as promptly as practicable, on or after the payable date, normally within one week. In the unlikely event that, due to unusual market conditions, the Administrator is unable to invest the funds within 30 days, the Administrator will remit the funds to you by check. No interest will be paid on funds held by the Administrator pending investment.

### **5. How do I make an initial investment?**

If you do not own Twin Disc, Inc. common stock in a Program account, you can make an initial cash investment for as little as \$250 but not more than \$250,000. This investment may be made:

#### **Via on-line enrollment by:**

- Authorizing one deduction (minimum of \$250) from your bank account; or
- Authorizing a minimum of ten monthly \$25 automatic deductions from your bank account.

#### **Using the Enrollment Form and:**

- Making one payment (minimum of \$250) by check or money order payable to Twin Disc/Mellon Bank or by authorizing a deduction from your bank account; or
- By authorizing a minimum of ten monthly \$25 automatic deductions from your bank account.

### **6. How do I make additional investments?**

If you already own Twin Disc, Inc. common stock and are enrolled in the Program and want to make additional purchases, you can authorize an individual automatic deduction from your bank account through Investor ServiceDirect® or send a check to the Administrator for each purchase. If you choose to submit a check, please make sure to include the contribution form from your Program statement and mail it to the address specified on the statement. Or, if you wish to make regular monthly purchases, you may authorize automatic monthly deductions from your bank account. This feature enables you to make ongoing investments in an amount that is comfortable for you, without having to write a check. Additional cash purchases are subject to a minimum purchase requirement of \$25 per investment and a maximum of \$250,000 annually.

## SUMMARY OF TERMS AND CONDITIONS

### **7. When will shares be purchased?**

Upon receipt of the funds, the Administrator will invest initial and additional cash investments, less applicable fees, in whole and fractional shares purchased on the open market as promptly as practicable, at least once every five business days. In the unlikely event that, due to unusual market conditions, the Administrator is unable to invest the funds within 35 days, the Administrator will return the funds to you by check. No interest will be paid on funds held by the Administrator pending investment.

### **8. Will I receive certificates for shares purchased?**

No, because the Program provides for share safekeeping. For your convenience, shares purchased under the Program will be maintained by the Administrator in your name in non-certificated (book entry) form. You may, however, request a stock certificate from the Administrator at any time.

### **9. What is safekeeping?**

Shares of Twin Disc, Inc. common stock that you buy under the Program will be maintained in your Program account in non-certificated form for safekeeping. Safekeeping protects your shares against loss, theft or accidental destruction and also provides a convenient way for you to keep track of your shares. Only shares held in safekeeping may be sold through the Program.

If you own Twin Disc, Inc. common stock in certificate form, you may deposit your certificates for those shares with the Administrator, free of charge. The Administrator will provide mail loss insurance coverage for certificates with a value not exceeding \$100,000 in any one shipping package that is mailed to its address at 85 Challenger Road, Ridgefield Park, NJ 07660 by USPS registered mail or by any of the following overnight couriers: Airborne, DHL, Emery, ExpressMail, FedEx, Purolator, TNT and UPS.

Note: Mail loss insurance covers only the replacement of shares of stock and in no way protects against any loss resulting from fluctuations in the value of such shares.

### **10. Can I get certificates if I want them?**

Yes. If you should ever want a stock certificate for all or a portion of the whole shares of Twin Disc, Inc. common stock in your Program account, the Administrator will send one to you, upon your request. The Administrator will mail a certificate to you within three business days of your request.

## SUMMARY OF TERMS AND CONDITIONS

### **11. How can I transfer or give gifts of shares?**

You may transfer or give gifts of Twin Disc, Inc. common stock to anyone you choose by contacting the Administrator and requesting a Gift/Transfer Form. After the transfer or gift purchase is completed, upon your request, the Administrator will send you a non-negotiable gift announcement, which you can present to the recipient. A notice indicating the transfer of Twin Disc, Inc. common stock will also be forwarded to the recipient.

### **12. How do I sell shares?**

You can sell your Program shares at any time by contacting the Administrator. Your sale request will be processed and your shares will, subject to market conditions and other factors, generally be sold within 24 hours of receipt of your request. Please note that the Administrator cannot and does not guarantee the actual sale date or price, nor can it stop or cancel any outstanding sales or issuance requests. All requests are final. The Administrator will mail a check to you (less applicable sales fees) on settlement date, which is three business days after your shares have been sold.

Alternatively, you may choose to sell your shares through a stockbroker of your choice, in which case you would have to request that the Administrator electronically transfer your shares to your stockbroker. You may also request a certificate for your shares from the Administrator for delivery to your stockbroker prior to settlement of such sale. See question number 10 for instructions on how to obtain a certificate.

### **13. What are the costs?**

There is no fee for enrolling in the Program. Participation is voluntary and you may discontinue your participation at any time. However, there are fees associated with some of the Program's services. Please refer to the Investor Services Program Fee Schedule for more information on transaction and trading fees.

### **14. What about taxes?**

The Administrator will send a Form 1099-DIV to you and the Internal Revenue Service after each year-end reporting all dividend income you received during the year on your Twin Disc, Inc. common stock (consisting of dividends and transaction or trading fees paid on your behalf by Twin Disc, Inc., if any). If you sell shares through the Program, the Administrator will send a Form 1099-B to you and the Internal Revenue Service after year-end, showing the total proceeds of the transactions. We recommend that you keep

## SUMMARY OF TERMS AND CONDITIONS

your transaction statements, which are helpful for record keeping and tax purposes.

**15. *How can I vote my shares?***

You will receive proxy material for all of your shares, and your shares will be voted in accordance with your direction. If you wish, you may vote your shares in person at shareholder meetings.

**16. *What provisions are made for non-U.S. residents?***

Cash investments from non-U.S. residents must be in United States currency and will be invested in the same manner as investments from other participants. Each participant is responsible for reviewing the applicable laws of his or her country of residence prior to investing in Twin Disc, Inc. common stock. All dividends will be subject to withholding under the terms of any applicable tax treaty provisions.

**17. *How will I keep track of my investments?***

The Administrator will send a transaction notice confirming the details of each transaction you make. When you participate in the dividend reinvestment feature, you will receive a quarterly statement of your account.

**18. *How would I terminate my participation?***

You may discontinue the reinvestment of your dividends at any time by giving notice to the Administrator. Notice may be made by telephone, in writing or by changing your dividend election under the account management service when you access your account over the Internet at [www.melloninvestor.com](http://www.melloninvestor.com). To be effective for a given dividend payment, the Administrator must receive notice 15 days before the record date of that dividend. The Administrator will continue to hold your shares unless you request a certificate for any full shares and a check for any fractional share. You may also request the sale of all or part of any such shares. See question number 12 for information on selling shares.

**19. *What if I have questions about the Program?***

Enrollment, purchase or sale of share requests and other transactions or services offered by the Program should be directed to the Administrator through the following:

## **SUMMARY OF TERMS AND CONDITIONS**

### **Internet**

You can enroll in the Program, obtain information, and perform certain transactions on your Twin Disc, Inc. account on-line via Investor ServiceDirect®. To gain access, you will require a password which you may establish when you visit the website. If you have forgotten your password, call 1-877-978-7778 to have it reset.

To access Investor ServiceDirect® please visit the Mellon Investor Services website at:

**[www.melloninvestor.com](http://www.melloninvestor.com)**

### **Telephone**

Telephone shareholder customer service, including sale of shares, toll-free within the United States and Canada:

**1-888-213-0965**

### **International Telephone Inquiries:**

**1-201-329-8660**

An automated voice response system is available 24 hours a day, 7 days a week. **Customer Service Representatives** are available from 9:00 a.m. to 7:00 p.m., Eastern Time, Monday through Friday (except holidays).

### **In Writing**

You may also write to the Administrator at the following address:

**Mellon Bank, N.A.  
c/o Mellon Investor Services  
P.O. Box 3338  
South Hackensack, NJ 07606-1938**

Be sure to include your name, address, daytime phone number, social security or tax I.D. number and a reference to Twin Disc, Inc. on all correspondence.

**Note: The Mellon Investor Services Program is designed for the long-term investor and does not afford the same flexibility as a stockbroker's account.**

## SUMMARY OF TERMS AND CONDITIONS

Twin Disc, Inc. has appointed Mellon Bank, N.A. as Administrator for the Program. The Program is not sponsored or administered by Twin Disc, Inc. Securities held by the Administrator in your Program account are not subject to protection under the Securities Investor Protection Act of 1970. The Administrator may use, and commissions may be paid to, a broker-dealer which is affiliated with the Administrator. Investors must make independent investment decisions based upon their own judgment and research.

**Twin Disc, Inc. is listed on the New York Stock Exchange and trades under the ticker symbol "TDI".**

## INVESTOR SERVICES PROGRAM FEES

Reinvestment of quarterly dividend: Shareholders may elect to reinvest all or part of their cash dividends	No charge
Purchase of shares with initial investment	\$15.00
Purchase of shares with additional investments via check (per investment)	\$5.00
Purchase of additional shares via automatic debit of bank account (per investment):	
• Individual debit	\$3.50
• Recurring monthly debit	\$2.00
Transfer shares as gift	No charge
Certificate safekeeping	No charge
Certificate issuance	No charge
Sale of shares (full and partial)	\$15.00
Trading fee for purchases and sales	\$.12 per share
Current year duplicate statement	No charge
Insufficient funds or rejected automatic debit of bank account	\$35.00 per occurrence

Twin Disc, Inc.  
Effective June 2, 2003  
Mellon Bank, N.A.  
Program Administrator

