



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): January 27, 2010

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))
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Item 7.01 Regulation FD Disclosure

The executive officers of Twin Disc intend to present materials at meetings with investors and analysts and at investor conferences on or after January 27, 2010. A copy of the presentation materials to be used at those meetings and from time to time thereafter is filed as Exhibit 99.1 hereto. The presentation materials will also be posted on the Company's website, www.twindisc.com. The Company does not intend to file any update of these presentation materials. The fact that these presentation materials are being furnished should not be deemed an admission as to the materiality of any information contained in the materials.

The information included in the presentation includes financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company's management uses these non-GAAP measures in its analysis of the Company's performance. The Company believes that the presentation of certain non-GAAP measures provides useful supplemental information that is essential to a proper understanding of the operating results of the Company's core businesses. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

The information in this Form 8-K being furnished under Item 7.01 shall not be deemed to be "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of such 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. The presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the Company's expectations and involve risks and uncertainties that could cause the Company's actual results to differ materially from those set forth in the statements. These risks are discussed in the Company's filings with the Securities and Exchange Commission, including an extensive discussion of these risks in the Company's Annual Report on Form 10-K for the year ended June 30, 2009.

Item 9.01 Financial Statements and Exhibits

- (c) Exhibits
-

EXHIBIT NUMBER	DESCRIPTION
99.1	Presentation Materials – 2 nd Quarter Fiscal 2010

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: January 27, 2010

Twin Disc, Inc.

/s/THOMAS E. VALENTYN
Thomas E. Valentyn
General Counsel & Secretary



Twin Disc, Incorporated





Safe Harbor Statement

This presentation contains statements that are forward-looking within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on management's current expectations that are based on assumptions that are subject to risks and uncertainties. Actual results may vary because of variations between these assumptions and actual performance. Investors are referred to Twin Disc's fiscal year 2009 Annual Report and Form 10-K, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Information," which outlines certain risks regarding the Company's forward-looking statements. Copies of the Company's SEC filings may be obtained from the SEC, and are available on Twin Disc's web site (www.twindisc.com), or by request from the Investor Relations department at the Company.



Twin Disc At A Glance



- ★ Manufacturing location (# of facilities in each location)
- Company owned distribution/service location
- Purchasing/sourcing offices

- Founded in 1918
- Headquartered in Racine, WI
- ≈1,000 employees
- FY09 Revenues of \$296M
FY08 Revenues of \$332M
- We are a global company
 - Well-known customers around the world
 - Mfg Operations in the U.S., Italy, Belgium, Switzerland and Japan (JV)
 - World-wide distributor network
 - 61% of fiscal 2009 sales to international markets

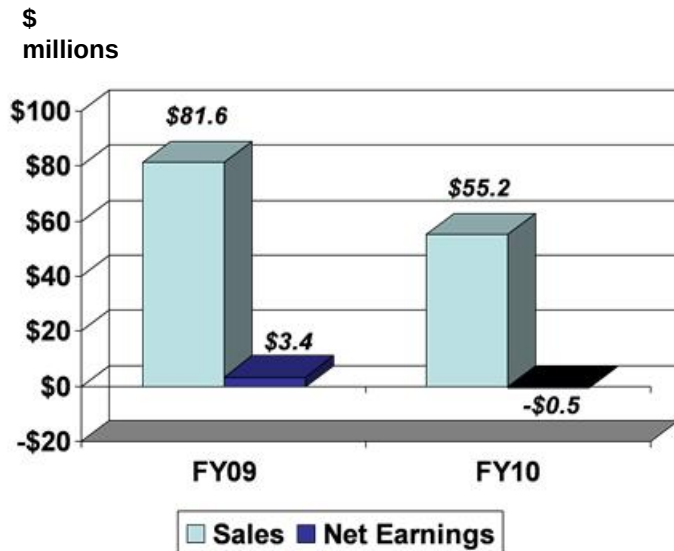


FY 2010 Financial Highlights

- Financial Results Improved Sequentially
 - Q2 versus Q1 Sales up 17%
- Year-to-Date Cash Flow From Operations Strong
 - Generated \$16.1 million thru first 6 months of fiscal year
- Total Debt Reduced \$9.2 million, or 18%, in First Six Months
- Six Month Backlog Up 16% Year-to-Date
 - Driven by higher order activity for 8500 series transmission for oil & gas market
 - Military backlog also increased and remains strong



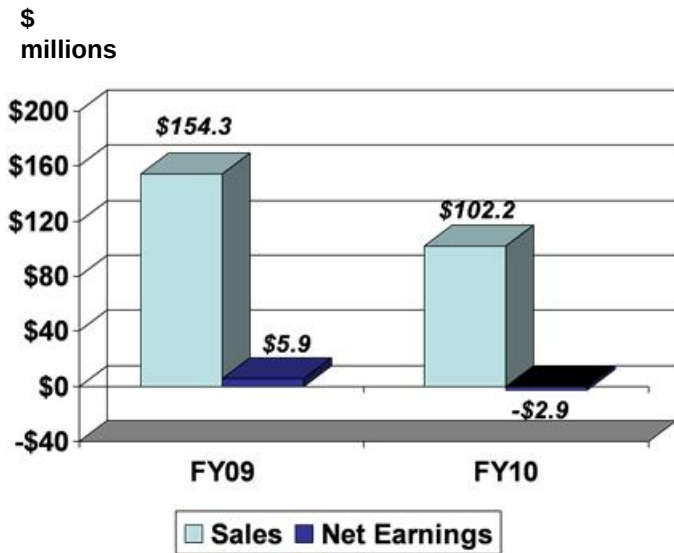
Net Sales & Net Earnings (Second Fiscal Quarter)



- Sales down 32% off near record levels
 - Experienced continued softness in certain end markets
 - Seasonal and temporary plant shutdowns impacted Q1 shipments
 - Asian markets continued at record levels
 - Six month backlog grew over 12% in the quarter
- Gross Margin as % of Sales improved 590 basis points to 26.8% in Q2, compared to 20.7% in Q1



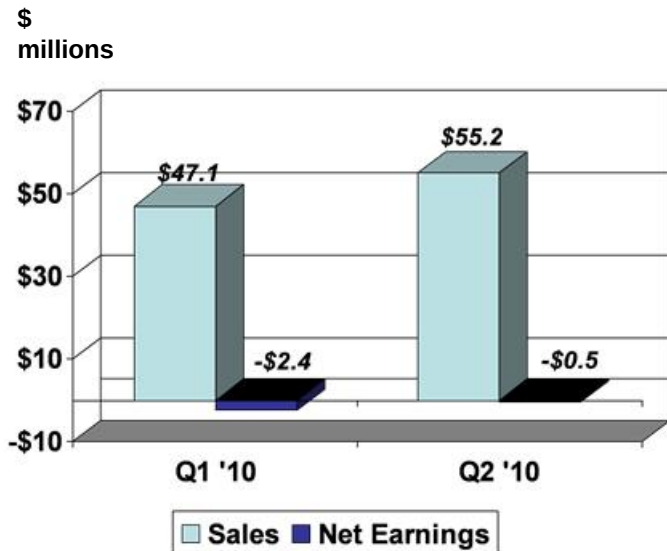
Net Sales & Net Earnings (First Six Months)



- Sales down 34% off near record levels
 - Experienced continued softness
 - Seasonal and temporary plant shutdowns impacted Q1 shipments
 - Asian markets continued at record levels
- Q2 loss of \$0.5 million improved sequentially from Q1 loss of \$2.4 million

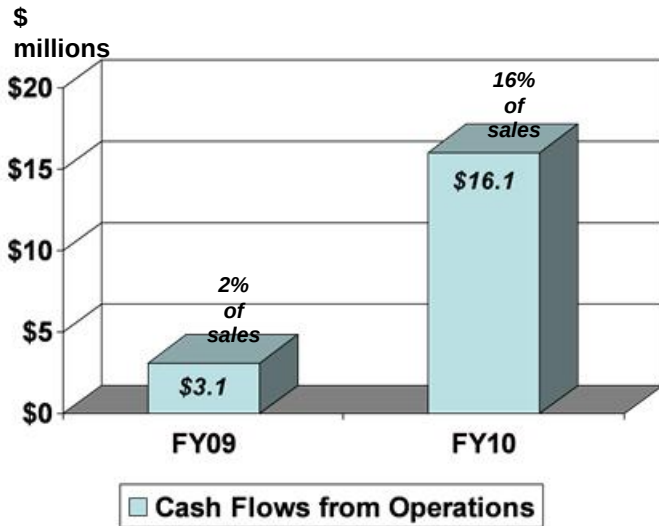


Net Sales & Net Earnings (First & Second Fiscal Quarter)



- Q2 Sales up 17.2% vs. Q1 Sales
 - 6 month backlog increased 12.1% in the quarter to \$70 million
 - Asian markets continued at record levels
 - ARFF & Military transmission markets holding steady
 - Pleasure craft marine remains weak
- Gross Margin as % of Sales improved 590 basis points to 26.8% in Q2, compared to 20.7% in Q1

Operating Cash Flows (First Six Months)



- Generated \$16.1 million of operating cash flow in first half of Fiscal 2010
 - Continue to focus on inventory and receivables management
- Debt Reduction & Cash
 - Revolver balance has decreased \$14.5 million over the past 3 quarters
 - As of December 25, 2009, over \$21 million of available borrowing on revolver & nearly \$17 million of cash
 - In compliance with all financial covenants

Marine & Propulsion Systems

- Pleasure Craft market soft worldwide
 - However, building share of market with new technology
- Work Boat market steady
 - Europe soft
 - North America moderating
 - Asia-Pacific growing
- Patrol Boat market experiencing global growth
 - Asian market experiencing strong growth

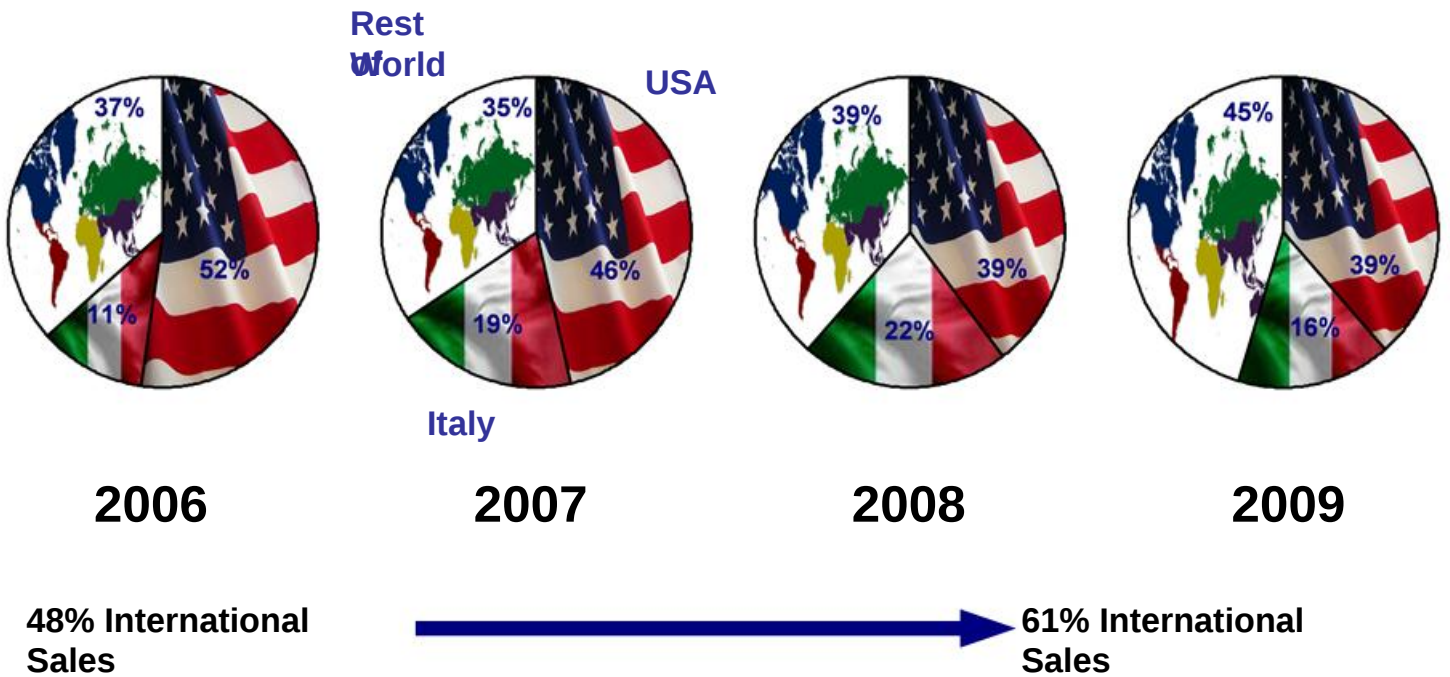


Land-Based Products

- Industrial markets soft
 - Agriculture, irrigation, recycling and construction
 - No impact from 'stimulus'
- ARFF and Military holding steady
 - ARFF: Continue to increase market share with 'pump & roll' transmissions
- Oil & Gas markets picking up
 - Orders increasing globally for 8500 & air clutches
 - New 7500 series



Corporate Profile - Geographic Diversity

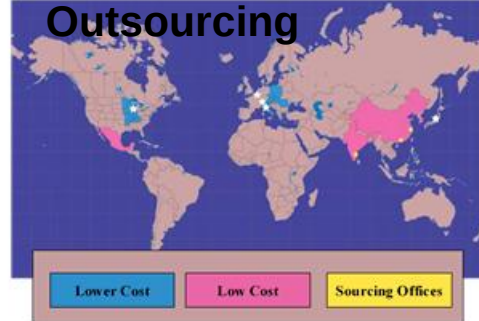


Managing Our Cost Structure

CAPEX



Global Outsourcing



\$25 million Global Cost Reduction & Avoidance Program

- Pension freeze
- Salary & wage reductions
- Temporary layoffs in US
- Government-sponsored programs in EMEA
- **EMEA** cost reductions
- Restructuring
- Voluntary retirement packages
- Suspension of corporate incentive program

Lean Manufacturing





What Differentiates Us?

- Technology
 - Oil & Gas
 - 8500 Series
 - 7500 Series - [new in Fiscal 2010](#)
 - ARFF
 - “Pump & Roll”
 - Military
 - “Legacy” Contracts
 - Marine
 - Patented QuickShift®
 - Joystick Docking - [new in Fiscal 2010](#)
 - Dynamic Positioning/DP 2
 - Rolla CFD
- Global Distribution and Service Network
- Product/Market & Geographic Diversity
- Niche Market Focus
- 90+ Years of Proven Application Know-How
- Core Manufacturing Capabilities



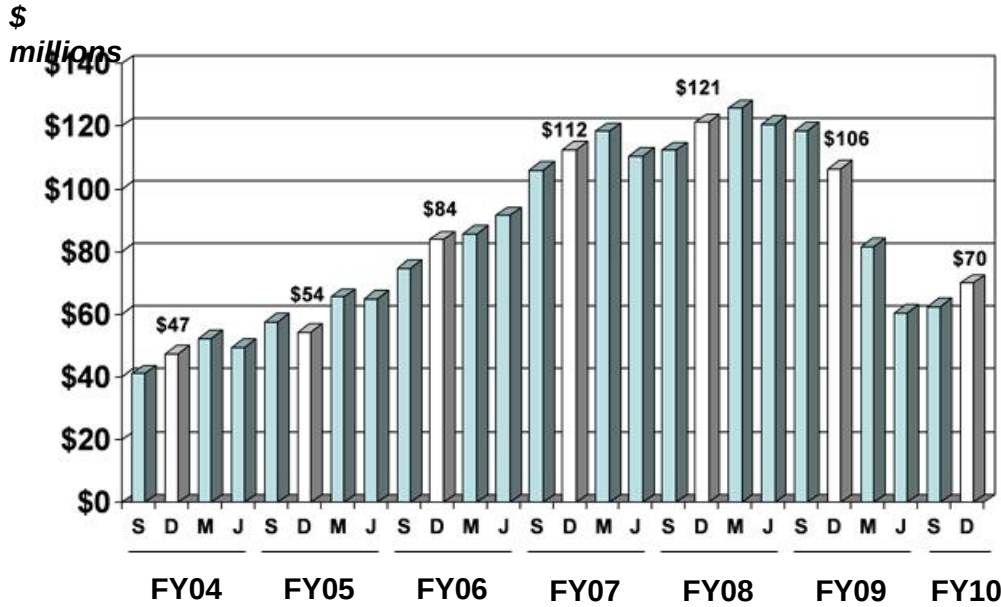
Looking Ahead





Corporate Six Month Backlog

(Mfg Orders to be shipped in the next 6 months)



- 6 month backlog up 16% since start of fiscal year

- Ø Increased order activity for 8500 series transmission for the oil & gas market
- Ø Military and ARFF holding steady
- Ø Industrial & Marine continue to be soft



Fiscal Year 2010 Outlook

- FY09 softness continued thru 1st half of FY10
- Mega Yacht - weakness expected to continue
- ARFF & Military will remain strong
- Oil & Gas - order activity is increasing
- Patrol Boat market expanding
- Asian market continues at record levels
- New product launches: 7500 & Joystick Docking
- “Cash is King” - continued focus on working capital management and debt reduction
- Expect sequential quarterly improvements



Twin Disc, Incorporated





Appendices

FY 2009 Financial Highlights

- Sales were down 10.8% versus FY 2008
 - 1st Half: down less than 1% off record '08 levels
 - 2nd Half: down nearly 20% off record '08 levels
- Key Markets
 - Mega Yacht, Oil & Gas and Industrial markets saw significant fall off as the year progressed
 - ARFF, Military and Commercial Marine were steady
 - Sales in the Pacific Rim continued at record pace and experienced double-digit growth
- \$25 million cost reduction and avoidance program announced in 4th Fiscal Quarter, including significant 1st Fiscal Quarter 2010 temporary plant shutdowns

Corporate Profile - Market Diversity

Pleasure Craft Market:

- **Target Markets:** High speed planing and displacement yachts from 50' to 150', diesel powered
- **Products:** Transmissions, Surface Drives, Propellers, Steering/Thruster/Trim Systems, Water Jets, Controls
- **Channels:** Engine OEMs & dealers, & boat builders
- **Customers:** CAT, CMD, MAN, MTU, Volvo / Azimuth, Baia, Ferretti, Palmer Johnson, Riviera, Sanlorenzo, Sunseeker
- **Competition:** ZF/ Kamewa /Side Power, Ultraflex



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Corporate Profile - Market Diversity

Work Boat Market:

- **Target Markets:** planing and displacement vessels from 30' to 250', diesel powered
- **Products:** Transmissions, Propellers, MCD's, Water Jets, Controls
- **Channels:** Engine OEMs & dealers, boat builders & distribution
- **Customers:** CAT, Cummins, IVECO, Mitsubishi, Volvo / Damen / Sewart Supply (operators: Secor, Tidewater, Groupe Bourbon)
- **Competition:** ZF, Reintjes



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Corporate Profile - Market Diversity

Patrol Boat Market:

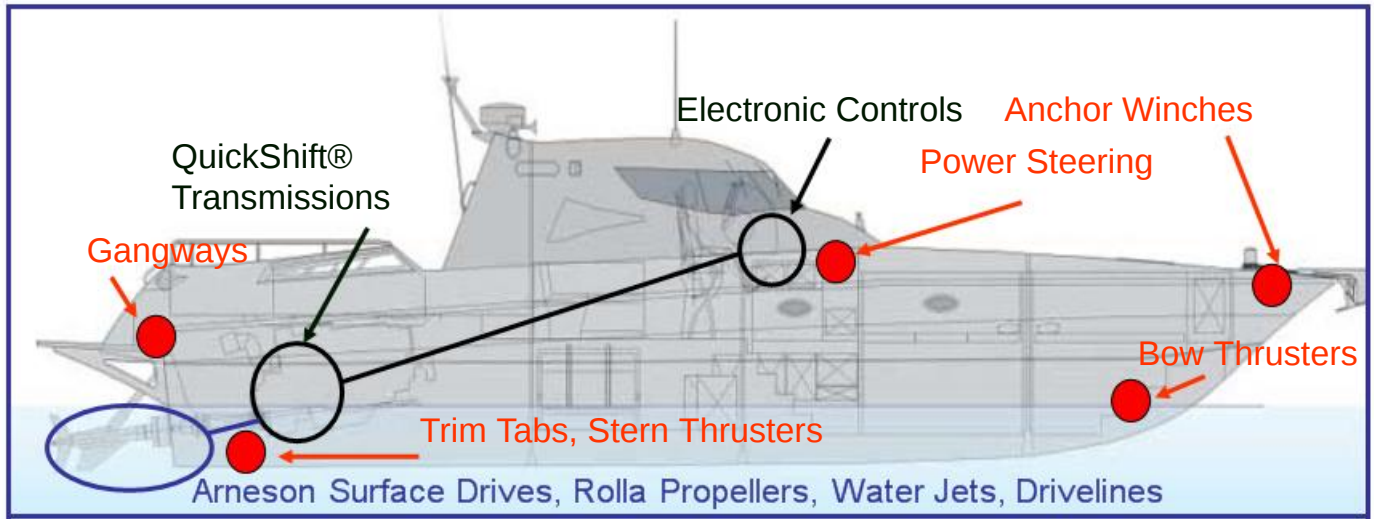
- **Target Markets:** military, patrol and coast guard vessels from 30' to 90', diesel powered
- **Products:** Transmissions, Surface Drives, Propellers, Steering/Thruster/Trim Systems, Water Jets, Controls
- **Channels:** Engine OEMs & dealers, naval authorities & boat builders
- **Customers:** CAT, CMD, MAN, MTU, Volvo / Israeli Navy, Turkish Coast Guard, USCG, US Navy, RCMP
- **Competition:** ZF / Kamewa, Hamilton



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Corporate Profile - Market Diversity

Marine Transmissions, Propulsion & Boat Management Systems



We have been very successful “bundling” more marine products

- Increasing content and value on each vessel
- Working directly with the shipyards
- Industry expert on vessel performance and handling

Corporate Profile - Market Diversity

Industrial Products:

- **Target Market:** Heavy duty industrial disconnect applications
- **Products:** Mechanical & hydraulic clutches, PTOs & pump mount drives, 100 - 2,500 HP
- **Channels:** Distribution & OEMs
- **Customers:** Bandit, Morbark, Peterson Pacific / OEM engine dealers
- **Competitors:** Funk, NACD, PT Tech, Stibel, Transfluid, WPT



Corporate Profile - Market Diversity

Industrial Transmissions:

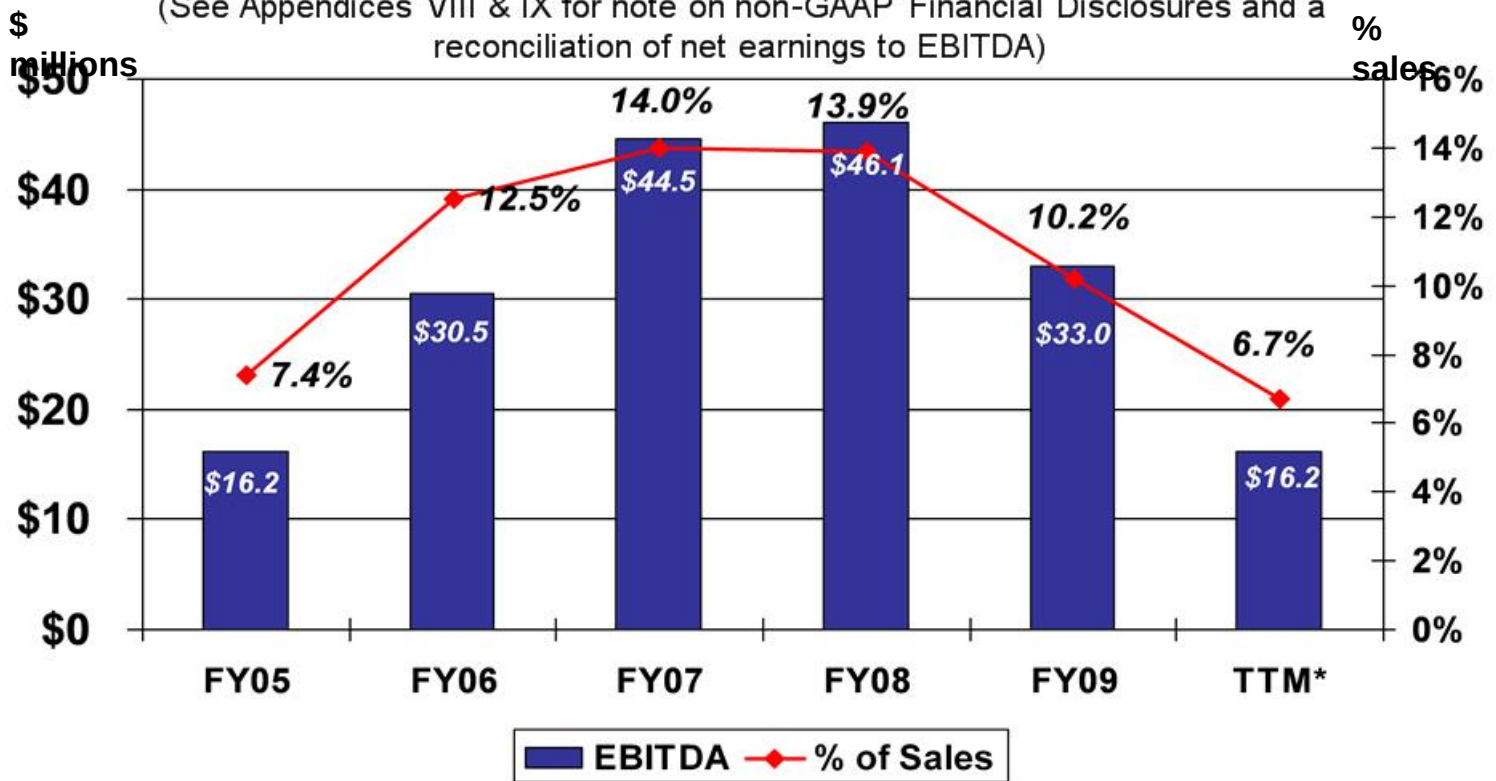
- *Target Market:* Off-highway and all-terrain specialty vehicles, diesel powered
- *Products:* Powertrain components - - 400 to 3,000 HP
- *Channel:* OEM vehicle mfrs.
- *Customers:* BAE, Rosenbauer, Oshkosh, Tatra / BJ Services, Cisco High-Lift, Crown Energy, Enerflo, Fractec, Trican, Tai'an
- *Competitors:* Allison, ZF





EBITDA

(See Appendices VIII & IX for note on non-GAAP Financial Disclosures and a reconciliation of net earnings to EBITDA)



* See Appendix XI for reconciliation of TTM figures to reported figures.



Non-GAAP Financial Disclosures

Non-GAAP Financial Disclosures

Financial information excluding the impact of certain significant items in this presentation 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 presentation 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, depreciations and amortization expenses: this is a financial measure of the profit generated excluding the above mentioned items.



Reconciliation of Net Earnings to EBITDA

<i>in \$ thousands, except % data</i>	TTM	2009	2008	2007	2006	2005
Net Earnings	\$ 2,710	\$ 11,502	\$ 24,252	\$ 21,852	\$ 14,453	\$ 6,910
Income Taxes	1,282	6,257	10,904	12,273	8,470	2,485
Interest Expense	2,358	2,487	3,038	3,154	1,718	1,134
Depreciation & Amortization	9,892	9,774	7,881	7,252	5,866	5,677
Earnings before interest, taxes, depreciation and amortization	\$ 16,242	\$ 30,020	\$ 46,075	\$ 44,531	\$ 30,507	\$ 16,206
Net Sales	\$ 243,592	\$ 295,618	\$ 331,694	\$ 317,200	\$ 243,287	\$ 218,472
EBITDA as a % of Sales	6.7%	10.2%	13.9%	14.0%	12.5%	7.4%

* See Appendix XI for reconciliation of TTM figures to reported figures.

Reconciliation of TTM Data to Reported Quarterly Figures

	<u>Q1 09*</u>	<u>Q2 09*</u>	<u>Q3 09*</u>	<u>Q4 09</u>	<u>FY 09**</u>	<u>Q1 10*</u>	<u>Q2 10*</u>	<u>TTM</u>
Sales	\$ 72,671	\$ 81,598	\$ 69,292	\$ 72,057	\$ 295,618	\$ 47,057	\$ 55,186	\$ 243,592
Gross Profit	20,072	22,953	19,151	19,267	81,443	9,747	14,786	62,951
Operating Income	3,754	5,945	4,634	5,452	19,785	(3,031)	(109)	6,946
Interest Exp	597	714	526	650	2,487	619	563	2,358
Net Earnings	2,465	3,433	2,850	2,754	11,502	(2,404)	(490)	2,710
EPS, Diluted	\$ 0.22	\$ 0.30	\$ 0.26	\$ 0.25	\$ 1.03	\$ (0.22)	\$ (0.04)	\$ 0.25
EPS, Basic	\$ 0.22	\$ 0.31	\$ 0.26	\$ 0.25	\$ 1.04	\$ (0.22)	\$ (0.04)	\$ 0.25
CAPEX	1,679	2,972	1,980	2,264	8,895	1,031	633	5,908
Deprec.	2,399	2,355	2,554	2,466	9,774	2,375	2,497	9,892
Oper Cash Flow	(1,292)	4,023	(2,231)	10,963	11,463	8,543	7,518	24,793
Dividends	789	789	755	772	3,105	783	783	3,093
Pretax Income	3,977	5,423	3,059	5,586	18,045	(3,710)	(809)	4,126
Taxes	1,353	1,924	362	2,618	6,257	(1,398)	(300)	1,282

* Quarterly Data is from the Company's unaudited quarterly Form 10-Q filings with the SEC.

** Annual Data is from the Company's audited Form 10-K filing with the SEC.



Fiscal Year Condensed Consolidated Statements of Operations

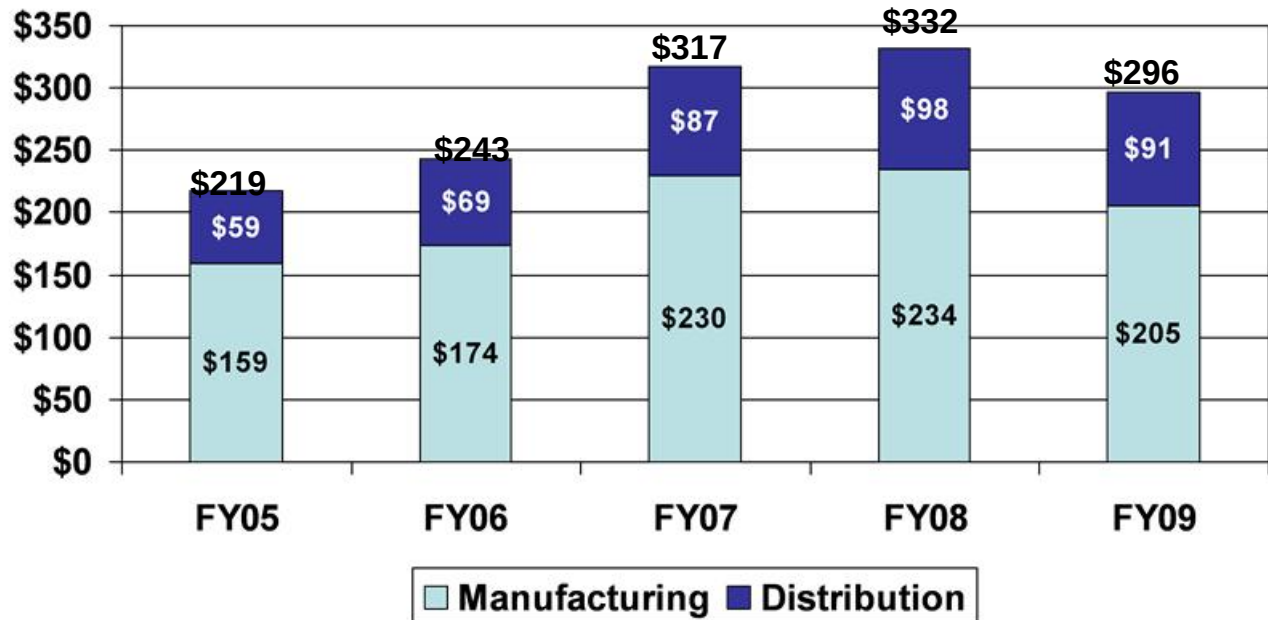
(\$ thousands, per Form 10-K)	2009	2008	2007	2006	2005
Sales	\$ 295,618	\$ 331,694	\$ 317,200	\$ 243,287	\$ 218,472
Gross Profit	81,443 27.6%	104,868 31.6%	102,909 32.4%	74,390 30.6%	57,420 26.3%
MEA Expense	60,470 20.5%	66,349 20.0%	63,267 19.9%	49,606 20.4%	44,666 20.4%
Restructuring	1,188	(373)	2,652	-	2,076
Interest Expense	2,487	3,038	3,154	1,718	1,134
Misc. Exp/(Inc)	(747)	606	(493)	14	52
Pretax Earnings	18,045	35,248	34,329	23,052	9,492
Income Taxes	6,257	10,904	12,273	8,470	2,485
Minority Interest	(286)	(92)	(204)	(129)	(97)
Net Earnings	\$ 11,502	\$ 24,252	\$ 21,852	\$ 14,453	\$ 6,910
EBITDA	\$ 33,020	\$ 46,075	\$ 44,531	\$ 30,507	\$ 16,206
DILUTED EPS	\$ 1.03	\$ 2.13	\$ 1.84	\$ 1.22	\$ 0.59

2nd Fiscal Qtr Condensed Consolidated Statements of Operations

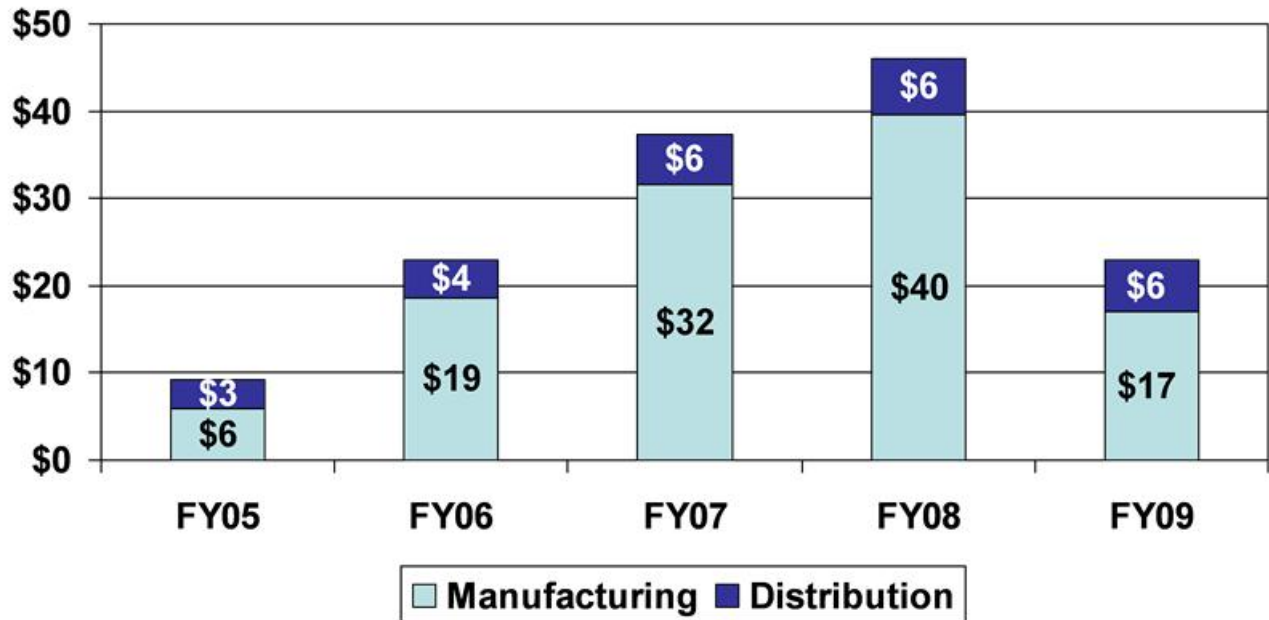
(\$ thousands, unaudited)	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Sales	\$ 55,186	\$ 81,598	\$ 81,894	\$ 74,239	\$ 57,051
Gross Profit	14,786 26.8%	22,953 28.1%	25,346 30.9%	24,389 32.9%	16,023 28.1%
MEA Expense	14,895 27.0%	17,008 20.8%	17,378 21.2%	14,528 19.6%	11,489 20.1%
Interest Expense	563	714	825	824	399
Misc. Exp/(Inc)	137	(192)	179	(248)	(47)
Pretax Earnings	(809)	5,423	6,964	9,285	4,182
Income Taxes	(300)	1,924	2,729	3,573	1,671
Minority Interest	19	(66)	(26)	(42)	(22)
Net Earnings	<u>\$ (490)</u>	<u>\$ 3,433</u>	<u>\$ 4,209</u>	<u>\$ 5,670</u>	<u>\$ 2,489</u>
EBITDA	\$ 2,270	\$ 8,426	\$ 9,568	\$ 11,991	\$ 5,963
DILUTED EPS	\$ (0.04)	\$ 0.31	\$ 0.37	\$ 0.48	\$ 0.21

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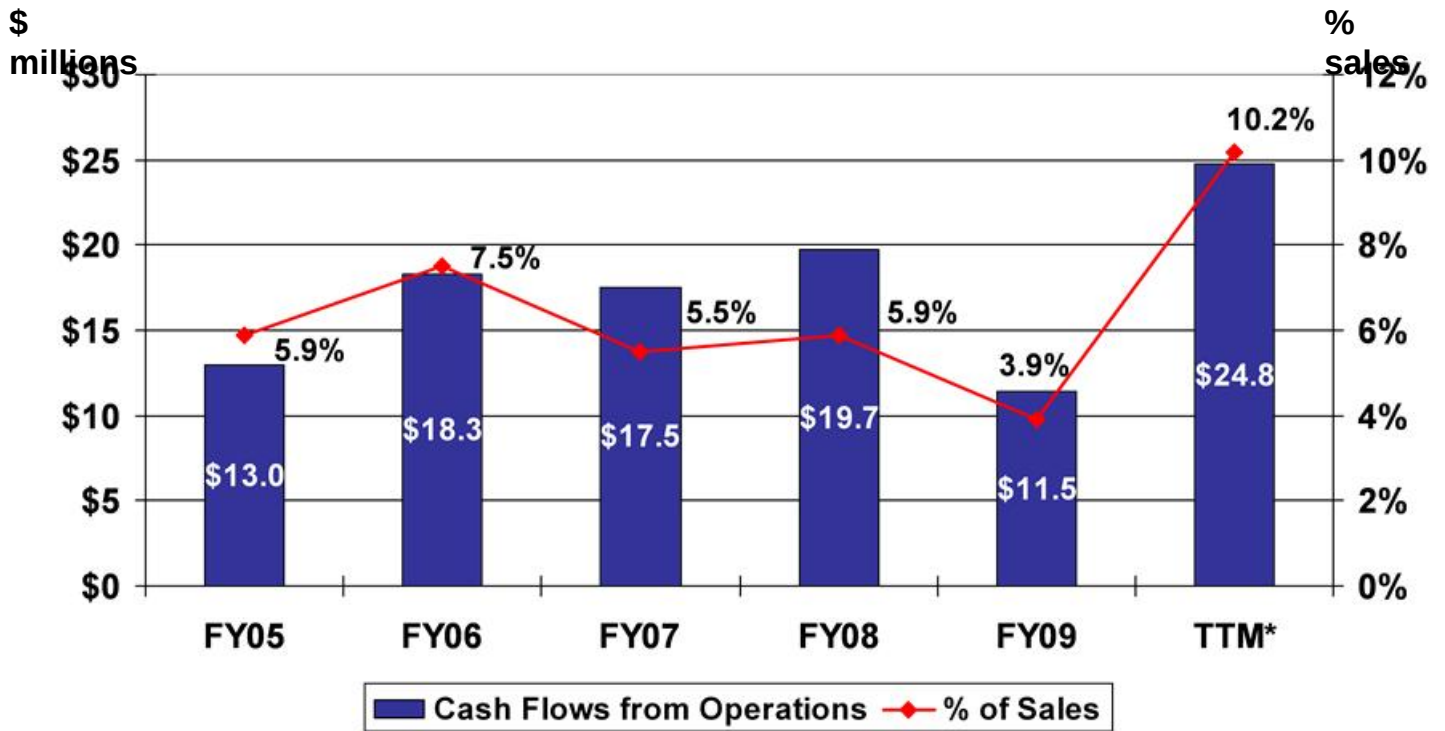
Net Sales by Segment



Net Earnings by Segment (before Corporate Expense)



Operating Cash Flows - Fiscal Year



* See Appendix XI for reconciliation of TTM figures to reported figures.



Twin Disc, Incorporated



