



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 2010 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

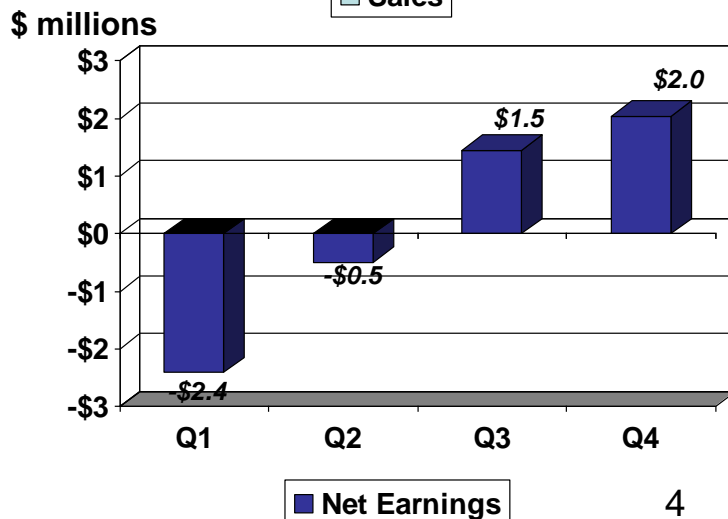
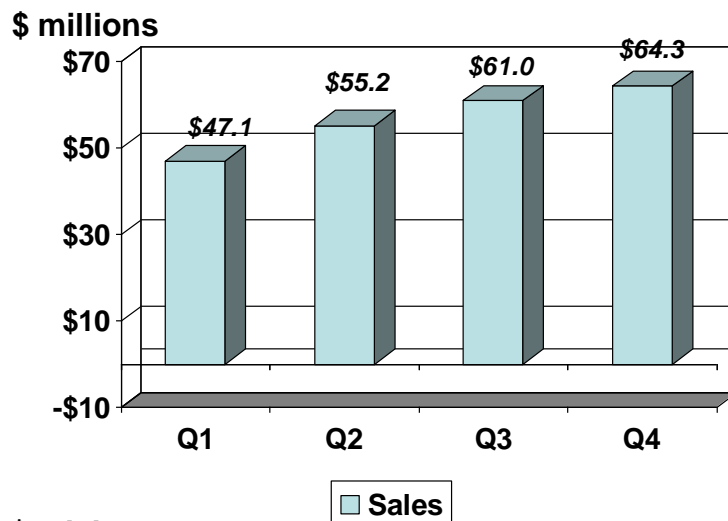
- Founded in 1918
- Headquartered in Racine, WI
- ≈913 employees (FYE '10)
- FY10 Revenues of \$228M
FY09 Revenues of \$296M
- We are a global company
 - Well-known customers around the world
 - Mfg Operations in the U.S., Italy, Belgium, Switzerland and Japan (JV)
 - World-wide distributor network
 - 65% of fiscal 2010 sales to international markets



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

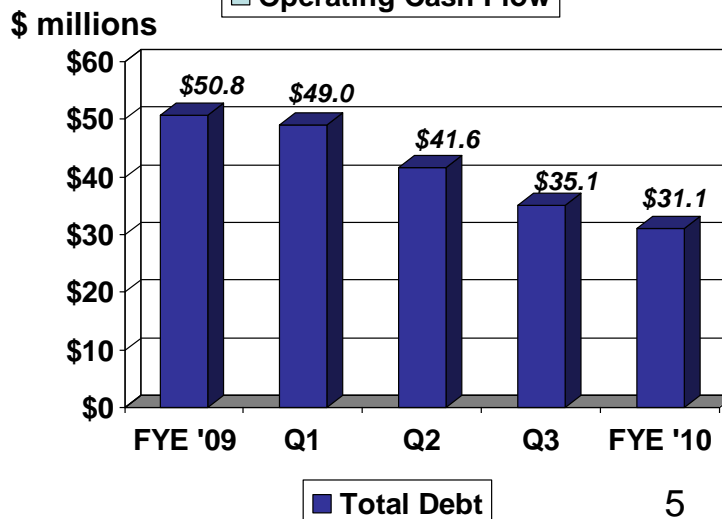
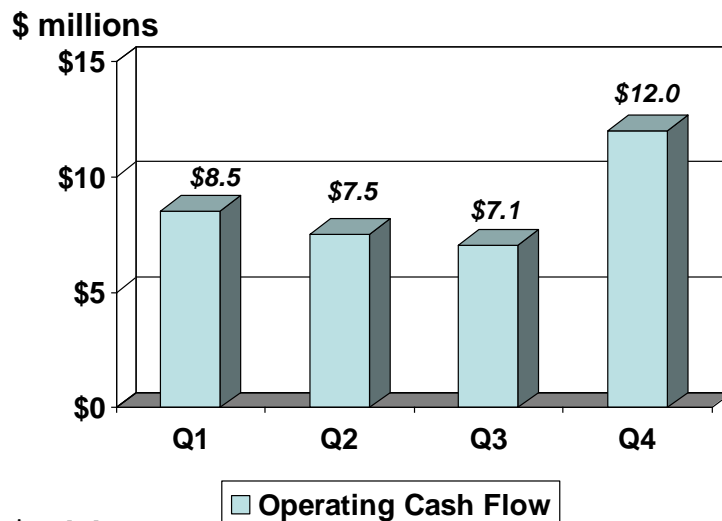
FY 2010 Financial Highlights

- Quarterly sequential sales & earnings improvement
 - Despite challenges, profitable for the full fiscal year
- Key Markets
 - Mega Yacht and European markets remained soft throughout fiscal 2010
 - ARFF, Military and Commercial Marine were steady
 - Sales in the Pacific Rim continued strong, at near record levels
 - Oil & gas markets experienced strong growth in 2nd half of fiscal year



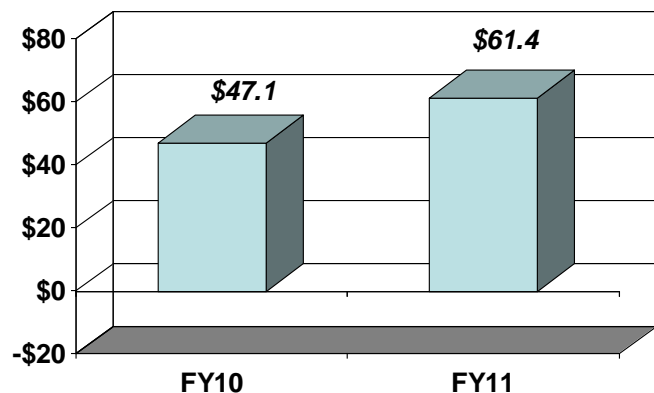
FY 2010 Financial Highlights

- Generated \$35 million of cash from operating activities
- Reduced debt by \$19.6 million, or 39%
 - Cash also increased \$5.8 million, or 44%, to \$19.0 million
- \$25 million cost reduction and avoidance program fully implemented
 - announced in 2009's 4th Fiscal Quarter



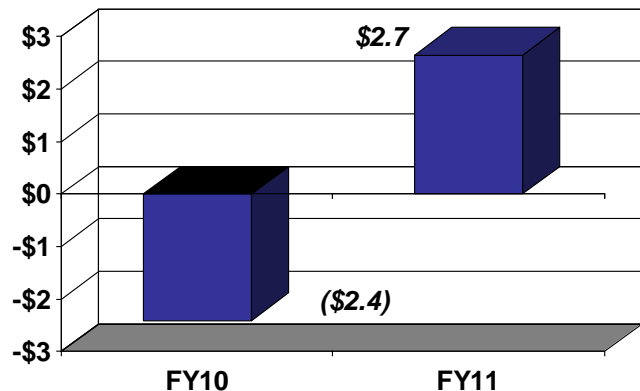
Net Sales & Net Earnings (First Fiscal Quarter)

\$ millions



■ Sales

\$ millions



■ Net Earnings

- Sales up 30%
 - Oil & gas markets strong
 - Experienced continued softness in mega yacht and European markets
 - Prior year: seasonal and temporary plant shutdowns impacted Q1 shipments
 - Asian markets continued at record levels

- \$2.7 million profit, up \$5.1 million
 - Prior year reflects extended plant shutdowns in Q1 at European and US manufacturing locations

Marine & Propulsion Systems

- Pleasure Craft market continues 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

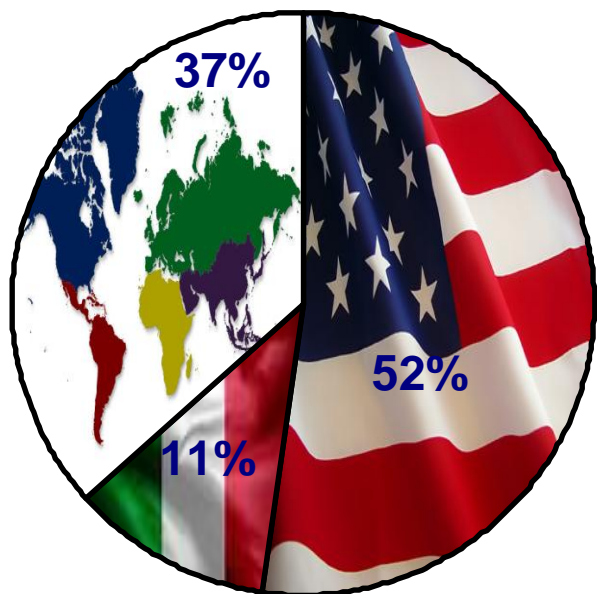


Land-Based Products

- Industrial markets showing modest growth
 - Agriculture, irrigation, recycling and construction
- 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

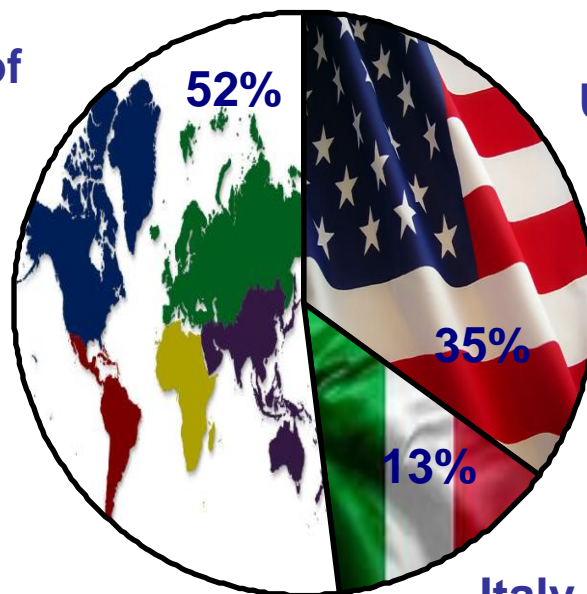


Corporate Profile – Geographic Diversity



2006

Rest of World



USA

Italy

2010

48% International Sales



65% International Sales

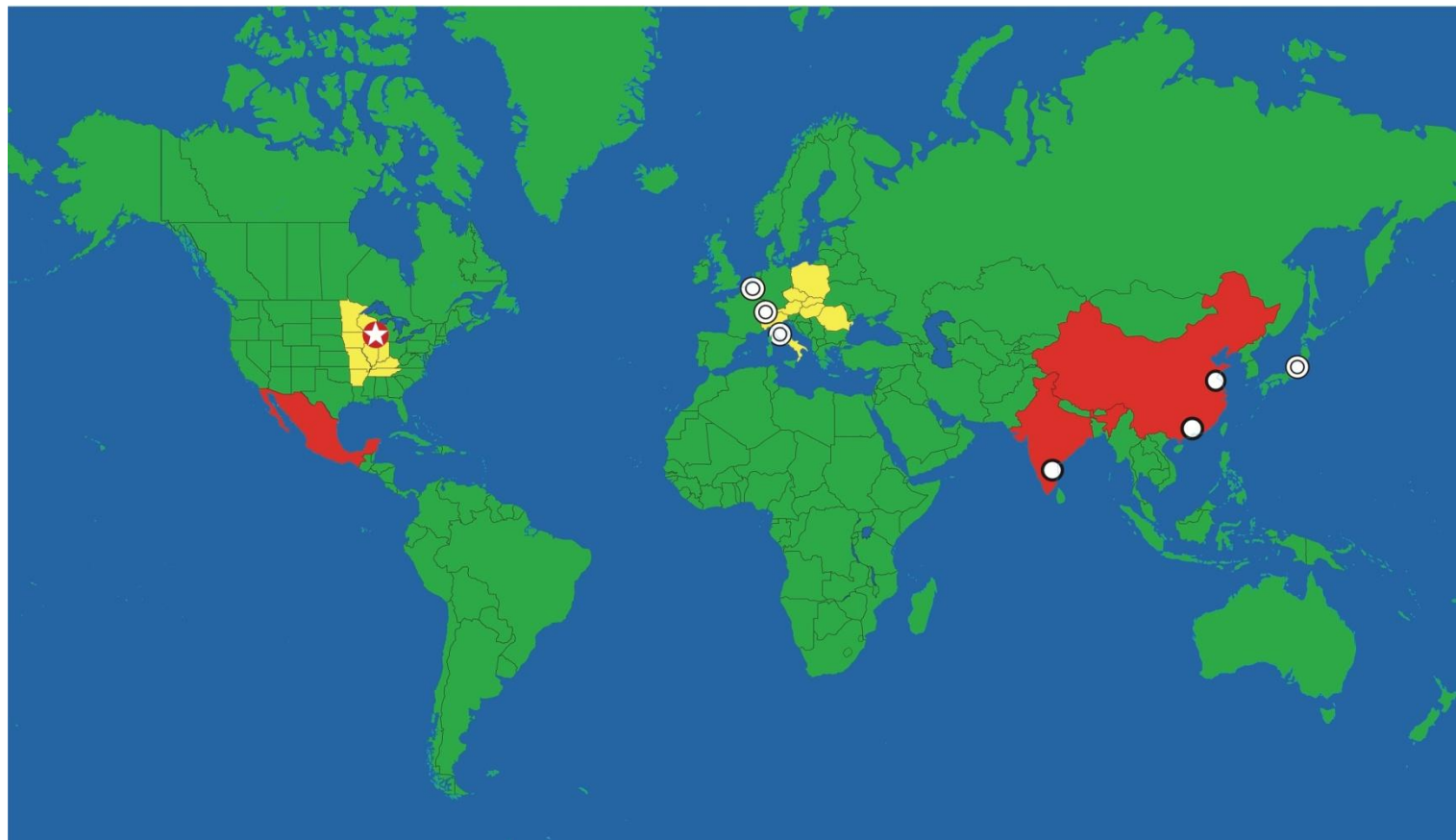
Managing Our Cost Structure

CAPEX

- Investing in core competencies
- Spent over \$64 million over past 6 yrs



Managing Our Cost Structure



Low Cost

Lower Cost

○ Sourcing Offices

★ Corporate HQ/Mfg

⊙ Mfg locations

What Differentiates Us?

- Technology

- Oil & Gas

- 8500 Series
 - 7500 Series – new in Fiscal 2011



- ARFF

- “Pump & Roll”

- Military

- “Legacy” Contracts

- Marine

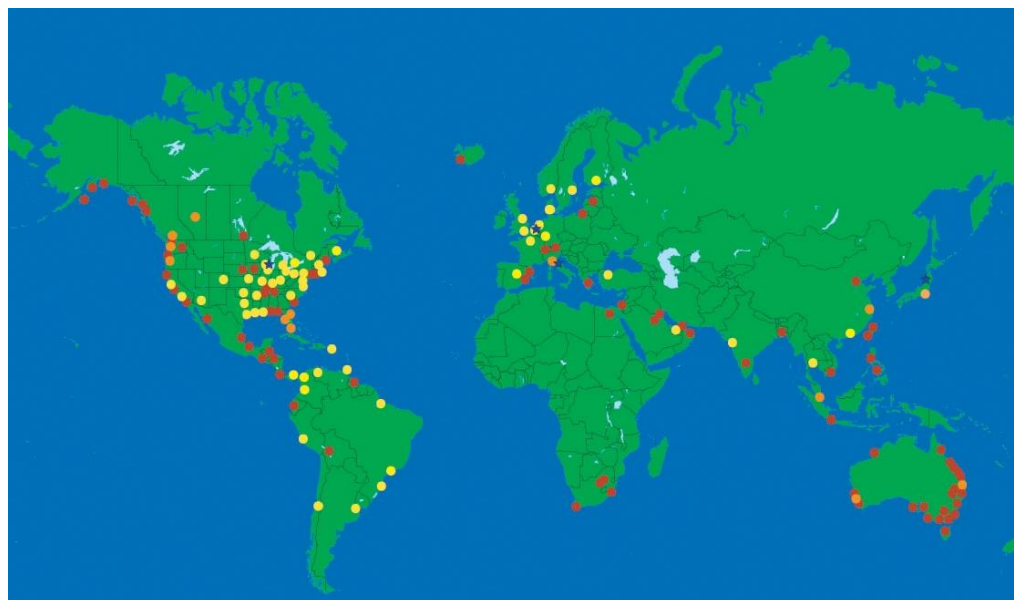
- Patented QuickShift®
 - Express Joystick System® – new in Fiscal 2011



- Dynamic Positioning/DPII
 - Rolla CFD

What Differentiates Us?

- 90+ Years of Proven Application Know-How
- Niche Market Focus



- Global Distribution and Service Network
- Product/Market & Geographic Diversity
- Core Manufacturing Capabilities

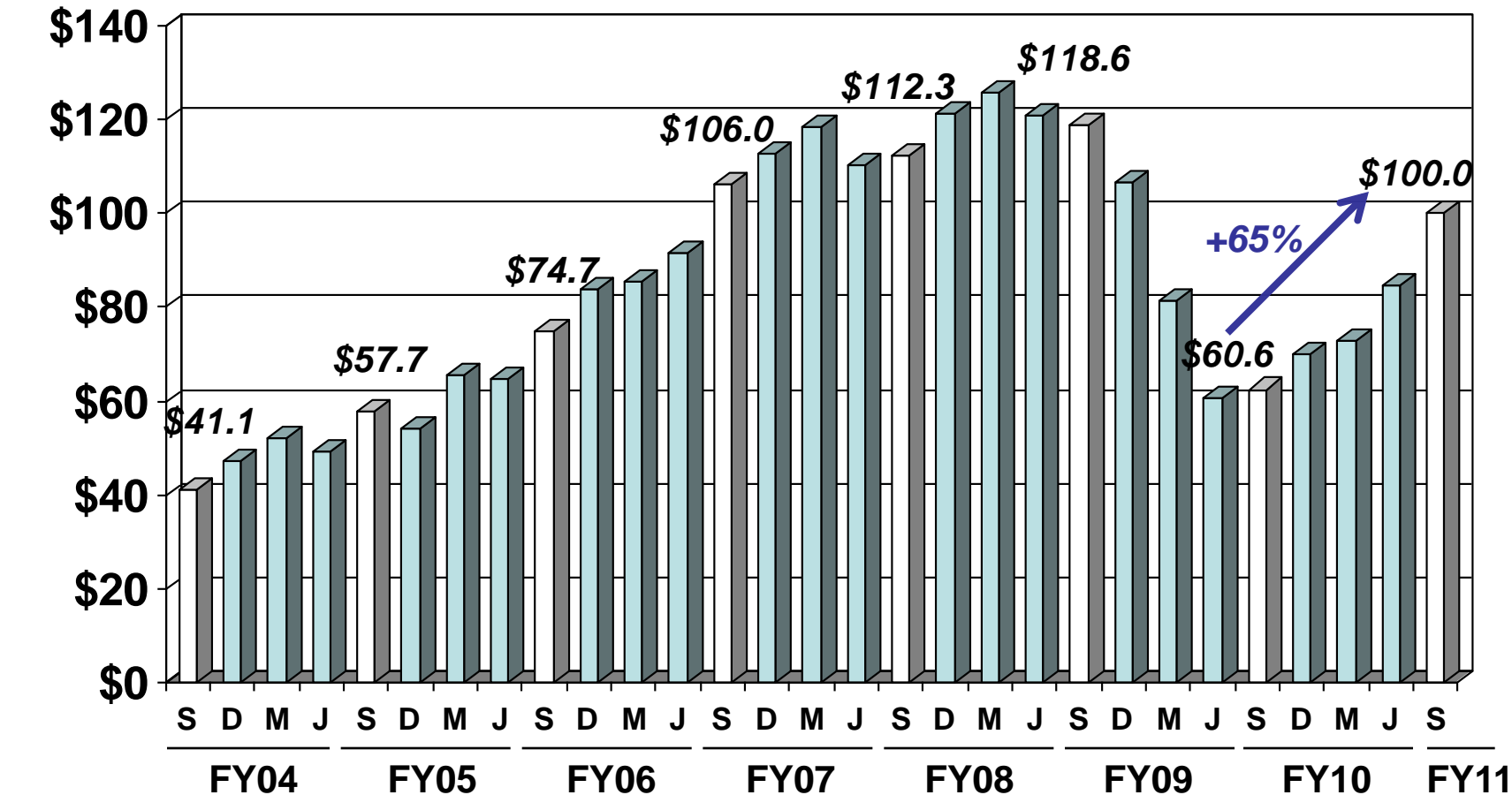


Looking Ahead

Corporate Six Month Backlog

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

\$ millions



Fiscal Year 2011 Outlook

- Mega Yacht & Europe – weakness expected to continue
- Industrial, ARFF & Military will remain stable, modest growth
- Oil & Gas – experiencing strong growth in demand
- Patrol Boat market expanding
- Asian market continues at record levels
- New product launches: 7500 & Express Joystick System®
- Continued focus on working capital management
- Expect continued improvement during fiscal year



Twin Disc, Incorporated



WE PUT HORSEPOWER TO WORK™



Appendices

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, Reintjes / Kamewa / Side Power, Ultraflex



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 / Kamewa, Hamilton



Corporate Profile – Market Diversity

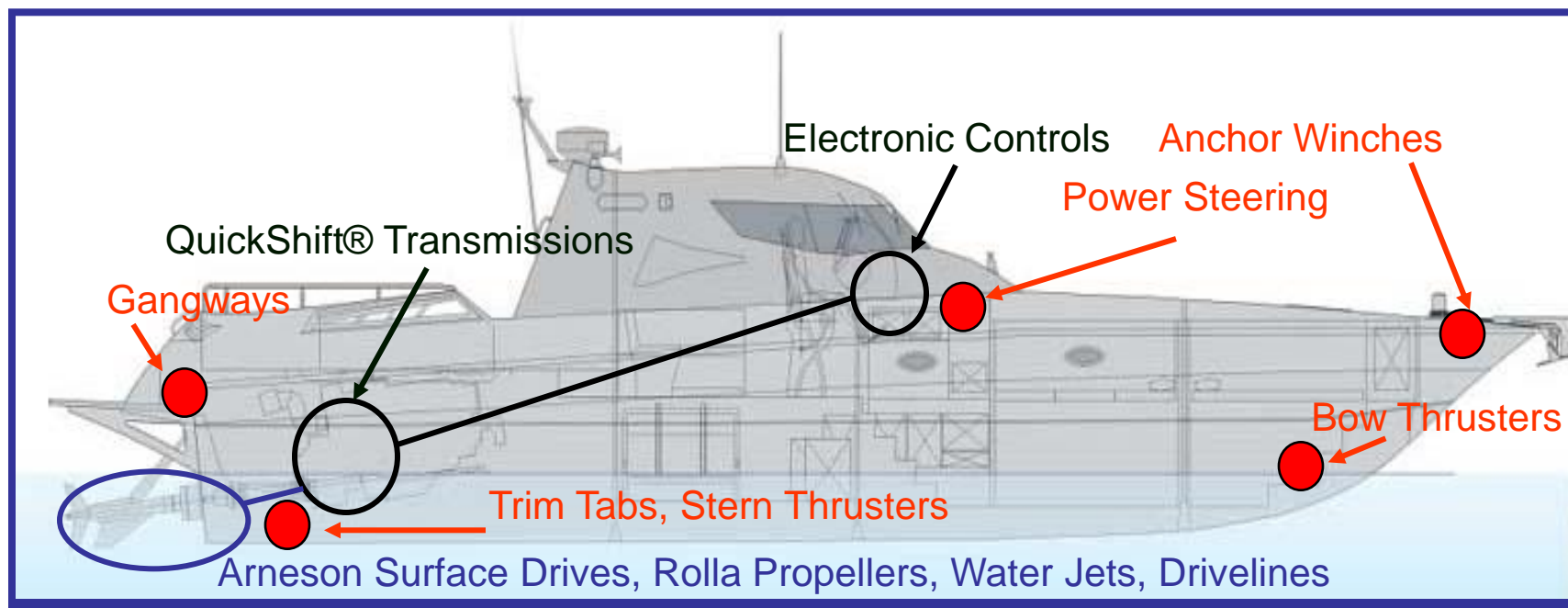
Patrol Boat Market:

- *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, EJS
- *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



Corporate Profile – Market Diversity

Marine Transmissions, Propulsion & Boat Management Systems



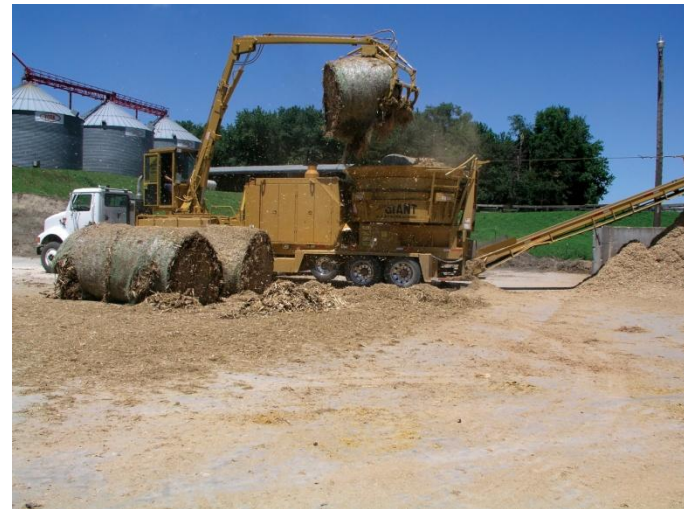
We have been very successful “bundling” more marine products

- **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



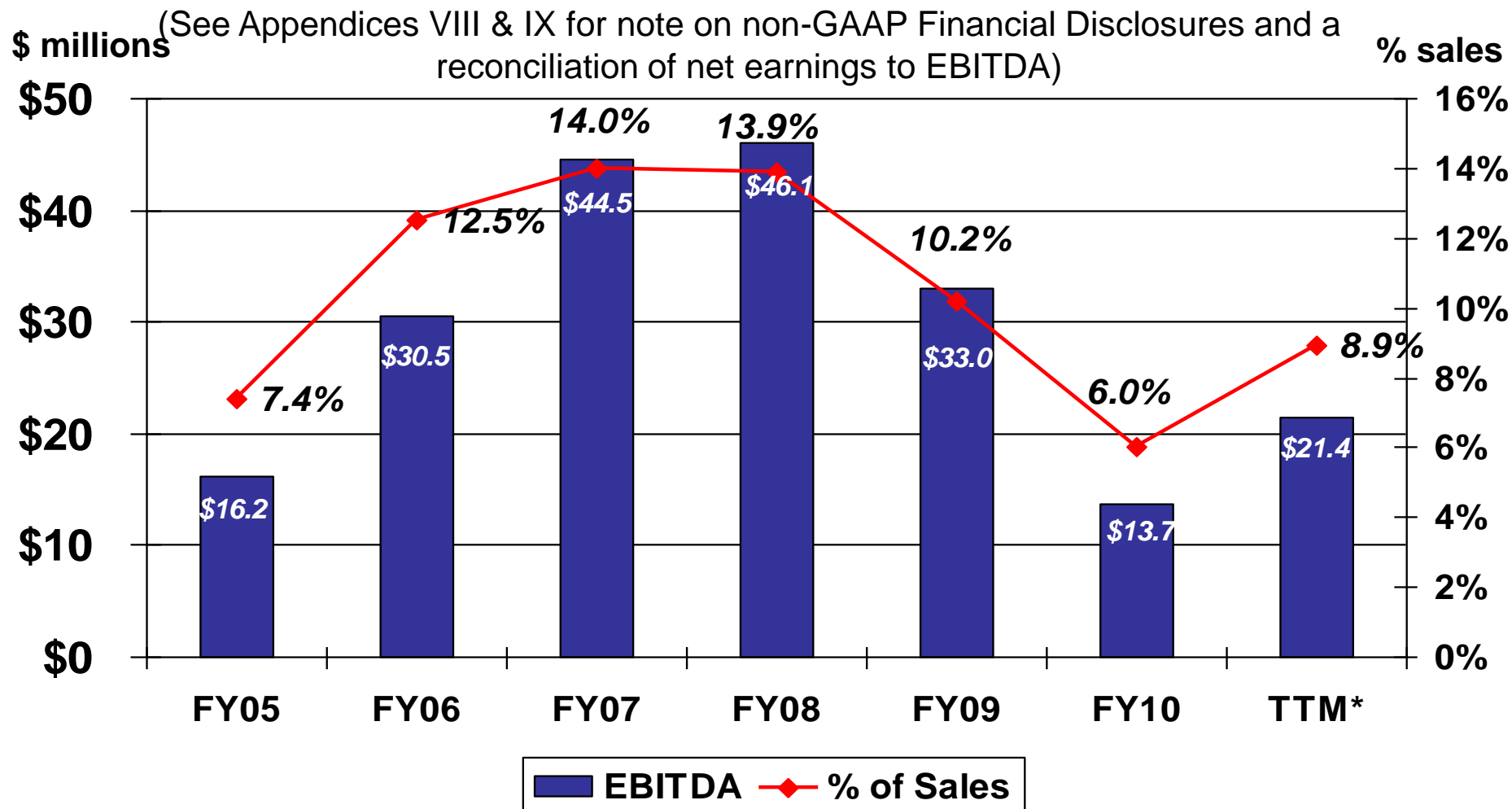
Corporate Profile – Market Diversity

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 Appendix X 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	2010	2009	2008	2007	2006	2005
Net Earnings	\$ 5,658	\$ 597	\$ 11,502	\$ 24,252	\$ 21,852	\$ 14,453	\$ 6,910
Income Taxes	3,946	992	6,257	10,904	12,273	8,470	2,485
Interest Expense	2,102	2,282	2,487	3,038	3,154	1,718	1,134
Depreciation & Amortization	9,714	9,817	9,774	7,881	7,252	5,866	5,677
Earnings before interest, taxes, depreciation and amortization	\$ 21,420	\$ 13,688	\$ 30,020	\$ 46,075	\$ 44,531	\$ 30,507	\$ 16,206
Net Sales	\$ 241,871	\$ 227,534	\$ 295,618	\$ 331,694	\$ 317,200	\$ 243,287	\$ 218,472
EBITDA as a % of Sales	8.9%	6.0%	10.2%	13.9%	14.0%	12.5%	7.4%

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

Reconciliation of TTM Data to Reported Quarterly Figures

	<u>Q1 10*</u>	<u>Q2 10*</u>	<u>Q3 10*</u>	<u>Q4 10</u>	<u>FY 10**</u>	<u>Q1 11*</u>	<u>TTM</u>
Sales	\$ 47,057	\$ 55,186	\$ 60,977	\$ 64,313	\$ 227,534	\$ 61,395	\$ 241,871
Gross Profit	9,747	14,786	16,505	19,426	60,465	20,023	70,740
Operating Income	(3,031)	(109)	1,950	4,274	3,085	5,246	11,361
Interest Exp	619	563	639	461	2,282	439	2,102
Net Earnings	(2,404)	(490)	1,451	2,041	597	2,656	5,658
EPS, Diluted	\$ (0.22)	\$ (0.04)	\$ 0.13	\$ 0.18	\$ 0.05	\$ 0.24	\$ 0.51
EPS, Basic	\$ (0.22)	\$ (0.04)	\$ 0.13	\$ 0.18	\$ 0.05	\$ 0.24	\$ 0.51
CAPEX	1,031	633	1,127	1,665	4,456	1,247	4,672
Deprec.	2,375	2,497	2,466	2,479	9,817	2,272	9,714
Oper Cash Flow	8,543	7,518	7,053	12,002	35,116	3,503	30,076
Dividends	783	783	783	784	3,133	792	3,142
Pretax Income	(3,710)	(809)	1,744	4,498	1,722	4,253	9,686
Taxes	(1,398)	(300)	244	2,446	992	1,556	3,946

* 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

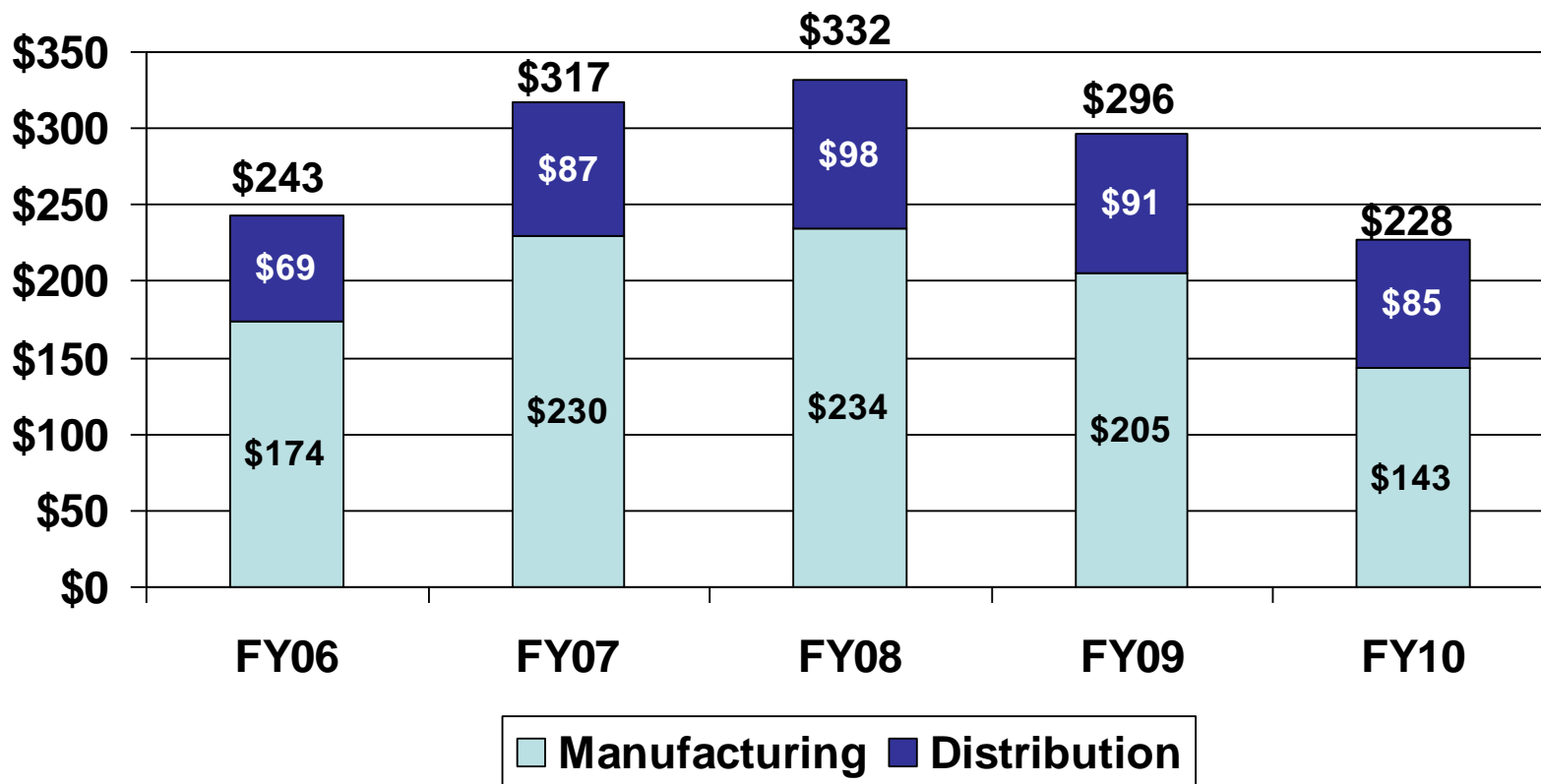
(\$ thousands, per Form 10-K)	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Sales	\$ 227,534	\$ 295,618	\$ 331,694	\$ 317,200	\$ 243,287
Gross Profit	60,465 26.6%	81,443 27.6%	104,868 31.6%	102,909 32.4%	74,390 30.6%
MEA Expense	56,886 25.0%	60,470 20.5%	66,349 20.0%	63,267 19.9%	49,606 20.4%
Restructuring	494	1,188	(373)	2,652	-
Interest Expense	2,282	2,487	3,038	3,154	1,718
Misc. Exp/(Inc)	<u>(919)</u>	<u>(747)</u>	<u>606</u>	<u>(493)</u>	<u>14</u>
Pretax Earnings	1,722	18,045	35,248	34,329	23,052
Income Taxes	992	6,257	10,904	12,273	8,470
Minority Interest	<u>(133)</u>	<u>(286)</u>	<u>(92)</u>	<u>(204)</u>	<u>(129)</u>
Net Earnings	<u>\$ 597</u>	<u>\$ 11,502</u>	<u>\$ 24,252</u>	<u>\$ 21,852</u>	<u>\$ 14,453</u>
EBITDA	\$ 13,688	\$ 33,020	\$ 46,075	\$ 44,531	\$ 30,507
DILUTED EPS	\$ 0.05	\$ 1.03	\$ 2.13	\$ 1.84	\$ 1.22

1st Fiscal Qtr Condensed Consolidated Statements of Operations

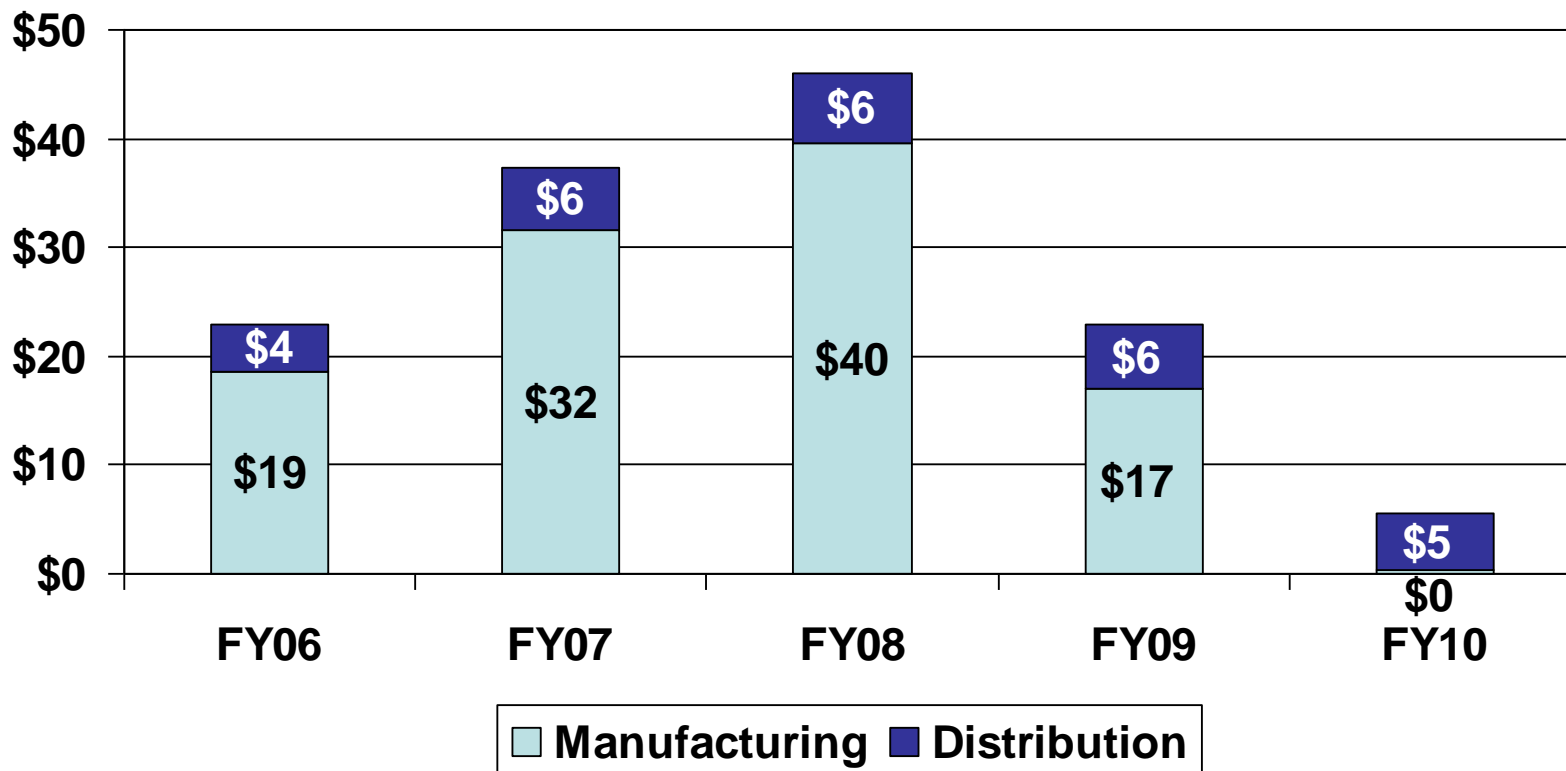
(\$ thousands, unaudited)

	2011	2010	2009	2008	2007
Sales	\$ 61,395	\$ 47,057	\$ 72,671	\$ 73,613	\$ 65,774
Gross Profit	20,023 32.6%	9,747 20.7%	20,072 27.6%	23,851 32.4%	20,313 30.9%
MEA Expense	14,777 24.1%	12,778 27.2%	16,318 22.5%	14,694 20.0%	13,652 20.8%
Interest Expense	439	619	597	744	643
Misc. Exp/(Inc)	554	60	(820)	(5)	(80)
Pretax Earnings	4,253	(3,710)	3,977	8,418	6,098
Income Taxes	1,556	(1,398)	1,353	3,237	2,377
Minority Interest	(41)	(92)	(159)	(75)	(49)
Net Earnings	\$ 2,656	\$ (2,404)	\$ 2,465	\$ 5,106	\$ 3,672
EBITDA	\$ 6,923	\$ (808)	\$ 6,814	\$ 10,842	\$ 8,136
DILUTED EPS	\$ 0.24	\$ (0.22)	\$ 0.22	\$ 0.44	\$ 0.31

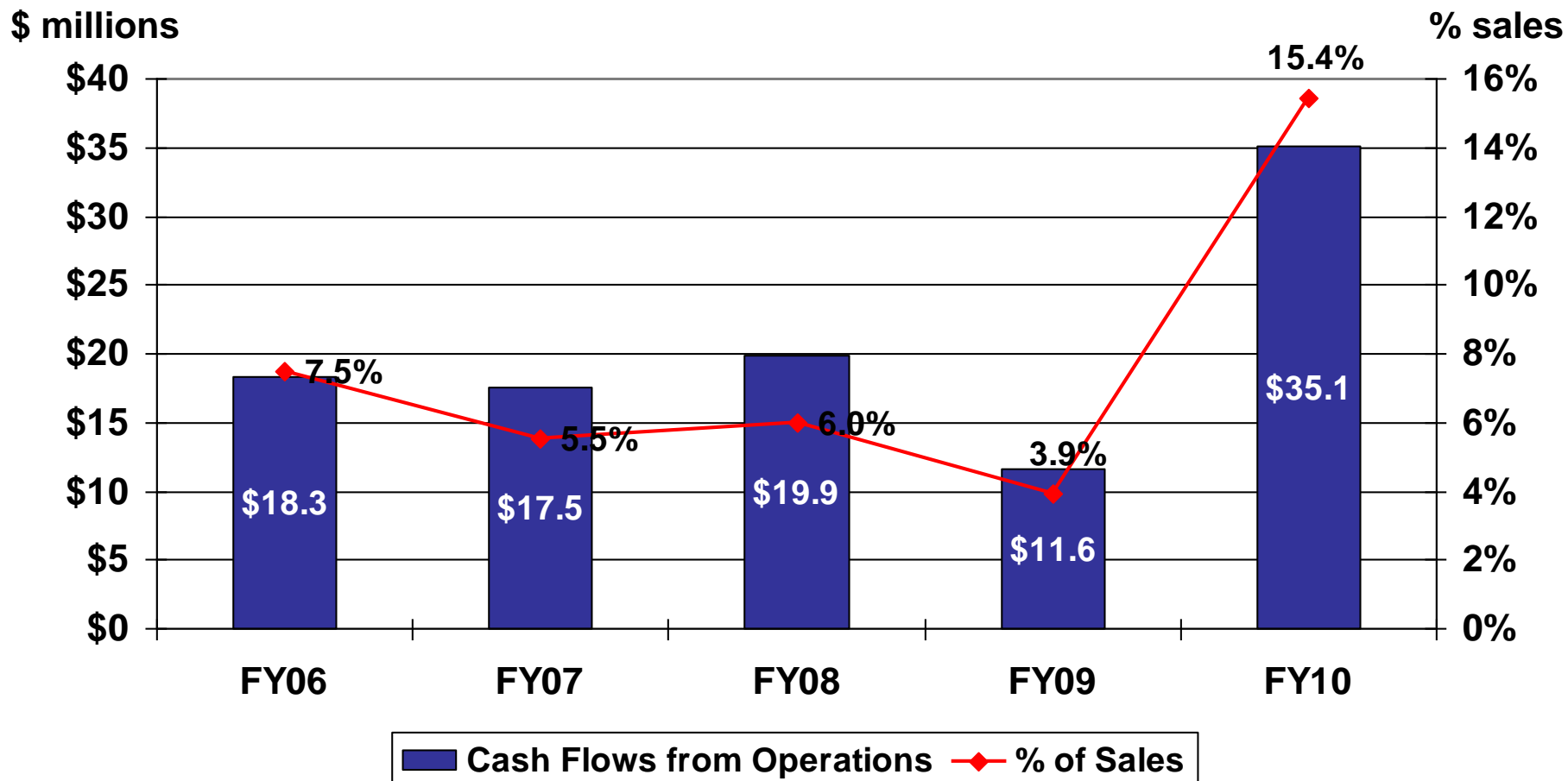
Net Sales by Segment



Net Earnings by Segment (before Corporate Expense)



Operating Cash Flows – Fiscal Year



Express Joystick System® in Action



Go to <http://www.twindisc.com/MarineProducts/EJS.html> to see the new revolutionary Twin Disc Express Joystick System® in action.



Twin Disc, Incorporated

