



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) **October 21, 2011**

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 2.02 Results of Operations and Financial Condition

The Company has reported its first quarter 2012 financial results. The Company's press release dated October 25, 2011 announcing the results is attached hereto as Exhibit 99.1 and is incorporated herein in its entirety by reference.

The information set forth in this Item 2.02 of Form 8-K, including Exhibit 99.1, is furnished pursuant to Item 2.02 and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that 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.

Item 5.07 Submission of Matters to a Vote of Security Holders

The Annual Meeting of Shareholders of Twin Disc, Incorporated (the "Company") was held on October 21, 2011. Matters submitted to shareholders at the meeting and the voting results thereof were as follows:

Proposal No. 1 – Election of Directors.

The shareholders of the Company elected each of the Director nominees proposed by the Company's Board of Directors to serve until the 2014 Annual Meeting of Shareholders or until their successor is duly elected and qualified. The following is a breakdown of the voting results:

	Votes For	Percent(1)	Votes Withheld	Percent(1)	Broker Non-Votes
Michael E. Batten	8,582,488	96.99%	266,466	3.01%	1,516,463

Michael Doar	8,577,449	96.93%	271,505	3.07%	1,516,463
David R. Zimmer	8,565,964	96.80%	282,990	3.20%	1,516,463

Proposal No. 2 – Advisory Vote on the Compensation of the Company’s Named Executive Officers.

In an advisory vote, the shareholders of the Company approved the compensation of the Company’s Named Executive Officers. The following is a breakdown of the voting results:

	Votes For	Votes Against	Abstentions	Broker Non-Votes
Number of Votes Cast:	7,980,322	272,519	595,512	1,516,463

Proposal No. 3 – Advisory Vote on the Frequency of the Vote on Named Executive Officer Compensation.

In an advisory vote, the shareholders of the Company voted to hold an advisory vote on the Company’s Named Executive Officer compensation every year. The following is a breakdown of the voting results:

	1 Year	2 Years	3 Years	Abstentions	Broker Non-Votes
Number of Votes Cast:	7,687,674	138,925	383,161	639,193	1,516,463

After consideration of these results and consistent with the Company’s philosophy on executive compensation, the Company’s Board of Directors has determined the Company will include an advisory vote on the Company’s Named Executive Officer compensation in the Company’s proxy materials every year until the next required non-binding advisory vote on the frequency of such votes on executive compensation. Pursuant to the Securities Exchange Act of 1934 and Securities and Exchange Commission rules and regulations, the next non-binding vote on the frequency of the advisory vote on Named Executive Officer compensation will occur at the Company’s 2017 annual meeting of shareholders.

Proposal No. 4 - Appointment of PricewaterhouseCoopers LLP as Independent Registered Public Accounting Firm.

The shareholders of the Company ratified the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the fiscal year ending June 30, 2012. The following is a breakdown of the voting results:

	Votes For	Votes Against	Abstentions
Number of Votes Cast:	10,212,028	86,302	67,306

- (1) Percentages shown for election of Directors (Proposal No. 1) are based on totals of votes cast for and votes withheld from each indicated Director. Abstentions and broker non-votes were not considered as part of the totals on which percentages were based.

Item 7.01 Regulation FD Disclosure

The information set forth under Item 2.02 of this report is incorporated herein by reference solely for the purposes of this Item 7.01.

The information set forth in this Item 7.01 of Form 8-K is furnished pursuant to Item 7.01 and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that 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.

Item 8.01 Other Events

On October 21, 2011, each of the non-employee Directors of the Company received 1,631 shares of Restricted Stock under the Twin Disc, Incorporated 2010 Stock Incentive Plan for Non-Employee Directors (the "Director’s Plan"), representing 50% of their annual Board retainer (exclusive of Committee chair fees). A copy of the Director’s Plan was included as Appendix B of the Proxy Statement for the Annual Meeting of Shareholders held on October 15, 2010 (File No. 001-07635). The form of Restricted Stock Agreement entered into between the Company and each non-employee Director was filed as Exhibit 10.3 to the Company’s Form 8-K filed on October 19, 2010 (File No. 001-07635).

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.

(c) Exhibits

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release announcing first quarter 2012 financial results.

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: October 25, 2011

Twin Disc, Inc.

/s/ THOMAS E. VALENTYN

Thomas E. Valentyn

General Counsel & Secretary



NEWS RELEASE

Corporate Offices:
1328 Racine Street
Racine, WI 53403

FOR IMMEDIATE RELEASE

Contact: Christopher J. Eperjesy
(262) 638-4343

TWIN DISC, INC. ANNOUNCES FISCAL 2012 FIRST QUARTER FINANCIAL RESULTS

- Fiscal 2012 First Quarter Record Net Earnings of \$0.83 per Diluted Share
 - Fiscal 2012 First Quarter Sales Up 32.5% Year-Over-Year
 - Six-Month Backlog Up 12.0% Sequentially to an All-Time Record
 - Management Optimistic For Fiscal 2012

RACINE, WISCONSIN—October 25, 2011—**Twin Disc, Inc. (NASDAQ: TWIN)** today reported financial results for the fiscal 2012 first quarter ended September 30, 2011.

Sales for the fiscal 2012 first quarter, seasonally the weakest quarter of the fiscal year, improved to \$81,330,000, from \$61,395,000 for the same period last year. The improvement in sales was the result of strong demand from customers in the oil and gas markets as well as growing demand in our aftermarket, industrial and airport rescue and fire fighting (ARFF) markets. Stable demand continues from the land- and marine-based military markets. While overall demand from commercial marine markets continued to improve, sales for the quarter were down slightly as a result of the timing of shipments to customers. The mega yacht and pleasure craft marine markets showed modest improvements in shipments and order activity in the first quarter versus the same period a year ago, albeit off of depressed levels.

Gross margin for the fiscal 2012 first quarter was a record 37.8 percent, compared to 32.6 percent in the fiscal 2011 first quarter. The significant improvement in fiscal 2012 first-quarter gross margin was the result of continuing increased sales volumes, improved manufacturing efficiency and absorption, and a more profitable mix of business.

For the fiscal 2012 first quarter, marketing, engineering and administrative (ME&A) expenses, as a percentage of sales, were 19.6 percent, compared to 24.1 percent for the fiscal 2011 first quarter. ME&A expenses increased \$1,132,000 versus the same period last fiscal year. Stock-based compensation expense decreased \$1,107,000 versus the prior year's first fiscal quarter, primarily driven by the decrease in the Company's stock price in the first quarter of fiscal 2012. Partially offsetting this were movements in foreign exchange rates, which increased ME&A expenses by \$792,000 in the first quarter of fiscal 2012 versus the comparable period a year ago. The net remaining increase of \$1,447,000 primarily relates to increased research and development activities, and higher salaries and wages.

Other income of \$394,000 for the quarter ended September 30, 2011 improved from other expense of \$554,000 for the comparable period a year ago. This improvement is due primarily to favorable foreign currency movements relative to the Euro, Canadian Dollar and Swiss Franc.

The effective tax rate for the fiscal 2012 first quarter was 35.3 percent, compared to the prior year's tax rate of 36.6 percent. The current year rate benefits from a higher estimated Section 199 (domestic production activities) deduction.

Net earnings attributable to Twin Disc for the fiscal 2012 first quarter were \$9,581,000, or \$0.83 per diluted share, compared to \$2,656,000, or \$0.24 per diluted share, for the fiscal 2011 first quarter.

Earnings before interest, taxes, depreciation and amortization (EBITDA)* was \$17,772,000 for the fiscal 2012 first quarter, compared to \$6,923,000 for the fiscal 2011 first quarter.

Commenting on the results, Michael E. Batten, Chairman and Chief Executive Officer, said: "This was an exceptionally strong period, and we are encouraged by the first quarter's record operating and financial results. Our results continue to be driven by outstanding demand for our 8500 series oil and gas transmission systems. First quarter results were driven by organic growth for our products in existing markets, primarily fueled by oil and gas demand, but also from aftermarket, industrial, and ARFF markets. A limited number of 7500 units shipped in the first fiscal quarter, as we began to accept customer orders for the new transmission. Some of these orders are now included in the reported six-month backlog figure."

"We are pleased to have announced our strategic partnership with Caterpillar in the pleasure craft market to develop our Joystick technology solutions for vessels that use a standard conventional shaft arrangement and vessels that will utilize a future innovative Cat POD system which will incorporate Twin Disc's patented QuickShift® transmission technology. Leveraging our new transmission and controls technology through Caterpillar's sales and marketing and distribution channels should provide substantial growth opportunities in the coming years as the pleasure craft market continues its recovery."

Christopher J. Eperjesy, Vice President - Finance, Chief Financial Officer and Treasurer, stated: "Total debt, net of cash, at September 30, 2011 was \$16,109,000 compared to \$9,532,000 at September 24, 2010. The increase in our debt position was a result of changes in working capital primarily from

higher inventory to support the company's growing backlog and capital investments. During the quarter we invested \$3,587,000 in new capital equipment and we continue to anticipate investing \$15,000,000 to \$20,000,000 in total for the fiscal year on modernization and expansion initiatives. Efficiently managing our working capital levels remains a key goal of management and we expect to improve our working capital levels throughout the year which should have a favorable impact on operating cash flow in the coming quarters."

Mr. Batten continued: "Our six-month backlog at September 30, 2011 was a record \$164,523,000 compared to a previous record of \$146,899,000 at June 30, 2011 and \$99,970,000 at September 24, 2010. The marine business, in particular, is showing signs of improving market demand, and we are experiencing an increased demand from pleasure craft customers for our Express Joystick System®."

"Fiscal 2012 is off to a great start, as we are executing our business initiatives and capitalizing on encouraging market demand. We expect fiscal 2012 to be another strong year," concluded Mr. Batten.

Twin Disc will be hosting a conference call to discuss these results and to answer questions at 2:00 p.m. Eastern Time on Tuesday, October 25, 2011. To participate in the conference call, please dial 877-941-8416 five to ten minutes before the call is scheduled to begin. A replay will be available from 5:00 p.m. October 25, 2011 until midnight November 1, 2011. The number to hear the teleconference replay is 877-870-5176. The access code for the replay is 4480206.

The conference call will also be broadcast live over the Internet. To listen to the call via the Internet, access Twin Disc's website at <http://ir.twindisc.com/index.cfm> and follow the instructions at the web cast link. The archived web cast will be available shortly after the call on the Company's website.

About Twin Disc, Inc.

Twin Disc, Inc. designs, manufactures and sells marine and heavy-duty off-highway power transmission equipment. Products offered include: marine transmissions, surface drives, propellers and boat management systems, as well as power-shift transmissions, hydraulic torque converters, power take-offs, industrial clutches and control systems. The Company sells its products to customers primarily in the pleasure craft, commercial and military marine markets, as well as in the energy and natural resources, government and industrial markets. The Company's worldwide sales to both domestic and foreign customers are transacted through a direct sales force and a distributor network.

Forward-Looking Statements

This press release may contain statements that are forward looking as defined by the Securities and Exchange Commission in its rules, regulations and releases. The Company intends that such forward-looking statements be subject to the safe harbors created thereby. All forward-looking statements are based on current expectations regarding important risk factors including those identified in the Company's most recent periodic report and other filings with the Securities and Exchange Commission. Accordingly, actual results may differ materially from those expressed in the forward-looking statements, and the making of such statements should not be regarded as a representation by the Company or any other person that the results expressed therein will be achieved.

*Non-GAAP Financial Disclosures

Financial information excluding the impact of foreign currency exchange rate changes and the impact of acquisitions, if any, in this press release 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 press release 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, depreciation and amortization expenses: this is a financial measure of the profit generated excluding the above mentioned items.

--Financial Results Follow--

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(In thousands, except per-share data; unaudited)

	Three Months Ended	
	September 30, <u>2011</u>	September 24, <u>2010</u>
Net sales	\$ 81,330	\$ 61,395
Cost of goods sold	<u>50,562</u>	<u>41,372</u>
Gross profit	30,768	20,023
Marketing, engineering and administrative expenses	<u>15,909</u>	<u>14,777</u>
Earnings from operations	14,859	5,246
Interest expense	359	439
Other (income) expense, net	<u>(394)</u>	<u>554</u>
Earnings before income taxes and noncontrolling interest	14,894	4,253
Income taxes	<u>5,259</u>	<u>1,556</u>
Net earnings	9,635	2,697
Less: Net earnings attributable to noncontrolling interest, net of tax	<u>(54)</u>	<u>(41)</u>
Net earnings attributable to Twin Disc	\$ <u>9,581</u>	\$ <u>2,656</u>
Earnings per share:		
Basic earnings per share attributable to Twin Disc common shareholders	\$ 0.84	\$ 0.24
Diluted earnings per share attributable to Twin Disc common shareholders	\$ 0.83	\$ 0.24
Weighted average shares outstanding:		
Basic	11,396	10,882
Diluted	11,541	11,100
Dividends per share	\$ 0.08	\$ 0.07
Comprehensive income:		
Net earnings	\$ 9,635	\$ 2,697
Other comprehensive income:		
Foreign currency translation adjustment	<u>(2,275)</u>	7,395
Benefit plan adjustments, net	<u>474</u>	<u>553</u>
Comprehensive income	7,834	10,645
Comprehensive income attributable to noncontrolling interest	<u>(54)</u>	<u>(41)</u>
Comprehensive income attributable to Twin Disc	\$ <u>7,780</u>	\$ <u>10,604</u>

RECONCILIATION OF CONSOLIDATED NET EARNINGS TO EBITDA
(In thousands; unaudited)

	Three Months Ended	
	September 30, <u>2011</u>	September 24, <u>2010</u>
Net earnings attributable to Twin Disc	\$ 9,581	\$ 2,656
Interest expense	359	439
Income taxes	5,259	1,556
Depreciation and amortization	<u>2,573</u>	<u>2,272</u>
Earnings before interest, taxes, depreciation and amortization	\$ <u>17,772</u>	\$ <u>6,923</u>

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands; unaudited)

	September 30, <u>2011</u>	June 30, <u>2011</u>
ASSETS		
Current assets:		
Cash	\$ 24,698	\$ 20,167
Trade accounts receivable, net	60,216	61,007
Inventories, net	104,976	99,139
Deferred income taxes	5,097	5,765
Other	<u>8,536</u>	<u>9,090</u>
Total current assets	203,523	195,168
Property, plant and equipment, net	66,940	65,791
Goodwill, net	18,063	17,871
Deferred income taxes	13,642	16,480
Intangible assets, net	6,336	6,439
Other assets	<u>7,926</u>	<u>7,371</u>
TOTAL ASSETS	\$ <u>316,430</u>	\$ <u>309,120</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	\$ 3,867	\$ 3,915
Accounts payable	34,997	38,372
Accrued liabilities	<u>38,301</u>	<u>41,673</u>
Total current liabilities	77,165	83,960
Long-term debt	36,940	25,784
Accrued retirement benefits	47,981	50,063
Deferred income taxes	4,170	4,170
Other long-term liabilities	<u>4,286</u>	<u>7,089</u>
Total liabilities	170,542	171,066
Twin Disc shareholders' equity:		
Common stock authorized: 30,000,000; Issued: 13,099,468; no par value	11,079	10,863
Retained earnings	171,524	162,857
Accumulated other comprehensive loss	<u>(13,200)</u>	<u>(11,383)</u>
	169,403	162,337
Less treasury stock, at cost (1,679,767 and 1,739,574 shares, respectively)	<u>24,499</u>	<u>25,252</u>
Total Twin Disc shareholders' equity	<u>144,904</u>	<u>137,085</u>
Noncontrolling interest	984	969
Total equity	<u>145,888</u>	<u>138,054</u>
TOTAL LIABILITIES AND EQUITY	\$ <u>316,430</u>	\$ <u>309,120</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands; unaudited)

Three Months Ended
September 30, September 24,
2011 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Net earnings	\$	9,635		\$	2,697
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:					
Depreciation and amortization		2,573			2,272
Other non-cash changes, net		2,950			1,713
Net change in working capital, excluding cash		<u>(16,354)</u>			<u>(2,601)</u>
Net cash (used) provided by operating activities		<u>(1,196)</u>			<u>4,081</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisitions of fixed assets		(3,587)		(1,247)
Proceeds from sale of fixed assets		-		49
Other, net		<u>(293)</u>		<u>(293)</u>
Net cash used by investing activities		<u>(3,880)</u>		<u>(1,491)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from notes payable		-		18
Principal payments of notes payable		(53)		(42)
Proceeds from long-term debt		11,164		1,695
Proceeds from exercise of stock options		169		71
Dividends paid to shareholders		(914)		(792)
Dividends paid to noncontrolling interest		(130)		(138)
Other		<u>(185)</u>		<u>132</u>
Net cash provided by financing activities		<u>10,051</u>		<u>944</u>

Effect of exchange rate changes on cash		(444)		558
Net change in cash		4,531		4,092

Cash:

Beginning of period		<u>20,167</u>		<u>19,022</u>
End of period	\$	<u>24,698</u>	\$	<u>23,114</u>

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