



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 2007 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.

Corporate Profile



- We are a global company with operations in the U.S., Italy, Belgium, Switzerland and Japan and have a world-wide distributor network



Corporate Profile

TWIN designs, manufactures and sells equipment and control systems to the pleasure craft, commercial & military segments of the marine market and the heavy-duty off-highway, military and industrial markets





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Corporate Profile

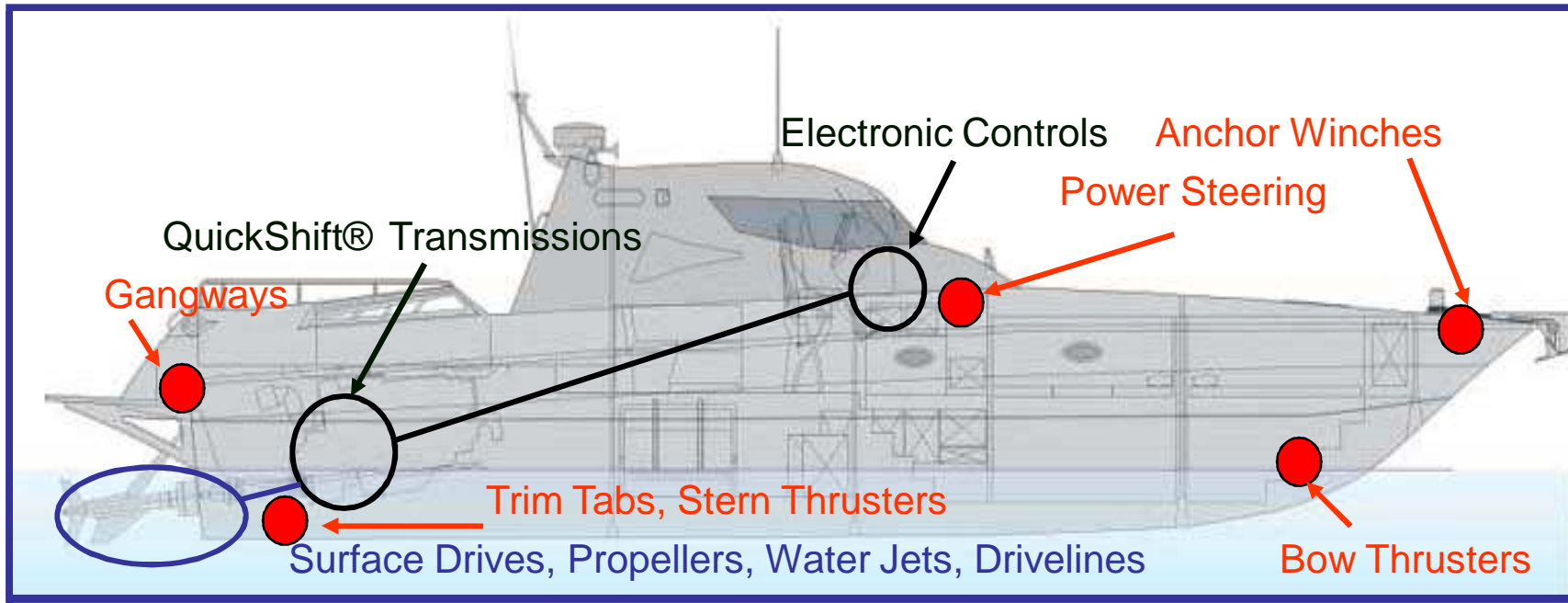
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Corporate Profile

Marine Transmissions, Propulsion & Boat Management Systems





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Technology Differentiation

- Land-Based
 - 8500 Series
 - “Pump & Roll”
 - “Legacy” Contracts
 - Electronic Control Systems
- Marine
 - QuickShift®
 - Dynamic Positioning
 - Rolla CFD
 - Electronic/Hydraulic Boat Management Systems



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Managing Our Cost Structure

Investing in Core Competencies



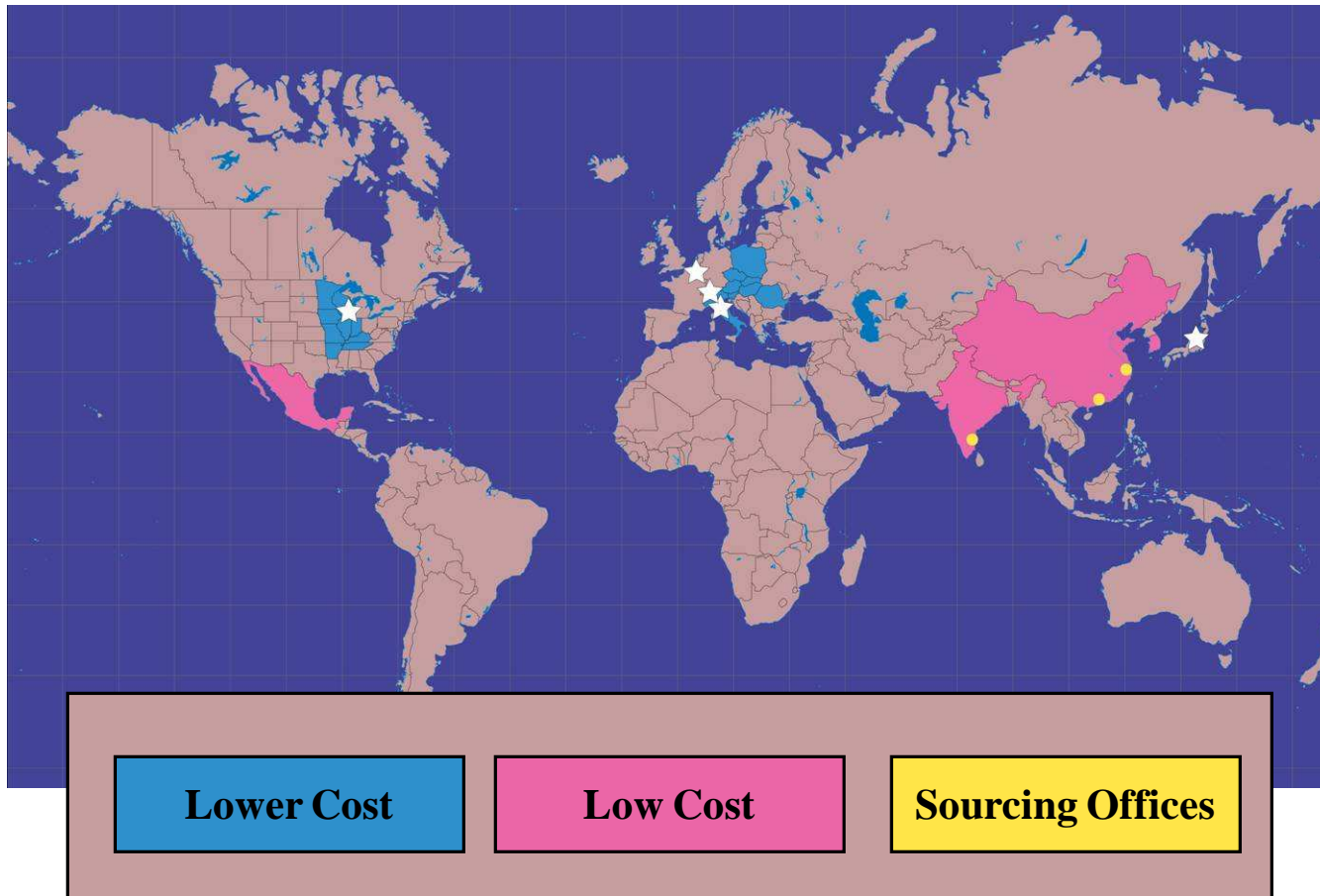
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Managing Our Cost Structure

Global Sourcing



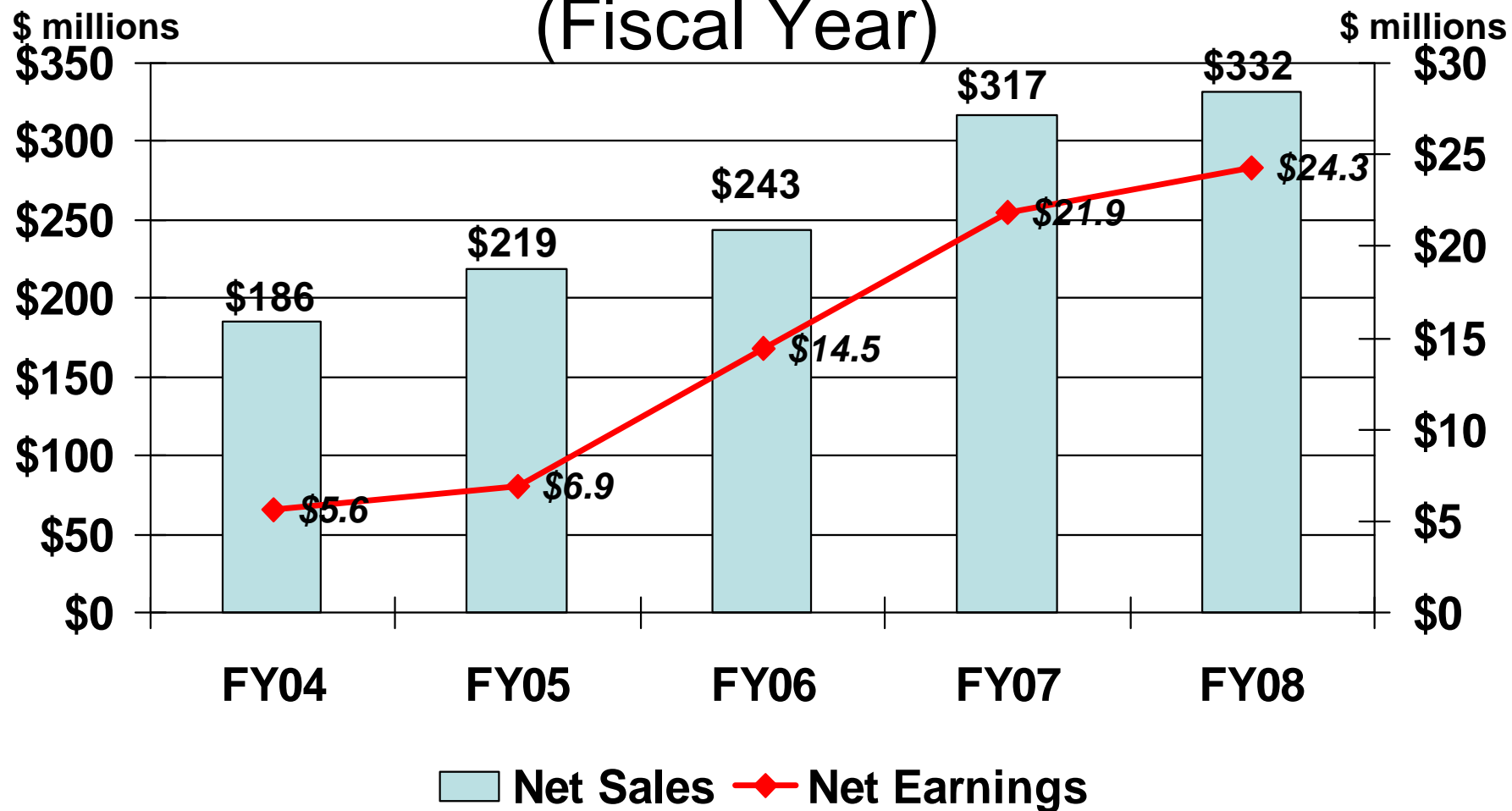


FY 2008 Financial Highlights

- **Major Markets Remained Strong**
 - Continued growth from mega-yacht and commercial marine markets
 - Strong demand for land based transmission products for the Airport Rescue and Fire Fighting (ARFF) and military markets
 - Experienced cyclical softening in industrial product markets
 - 2nd Quarter slow down in demand for oil and gas transmissions, but increasing inquiries at year end
- **Gross margins remain >30%**
- **Exceeded FY 2007's record net earnings**
- **4th Qtr Six Month Backlog >> \$121 million**

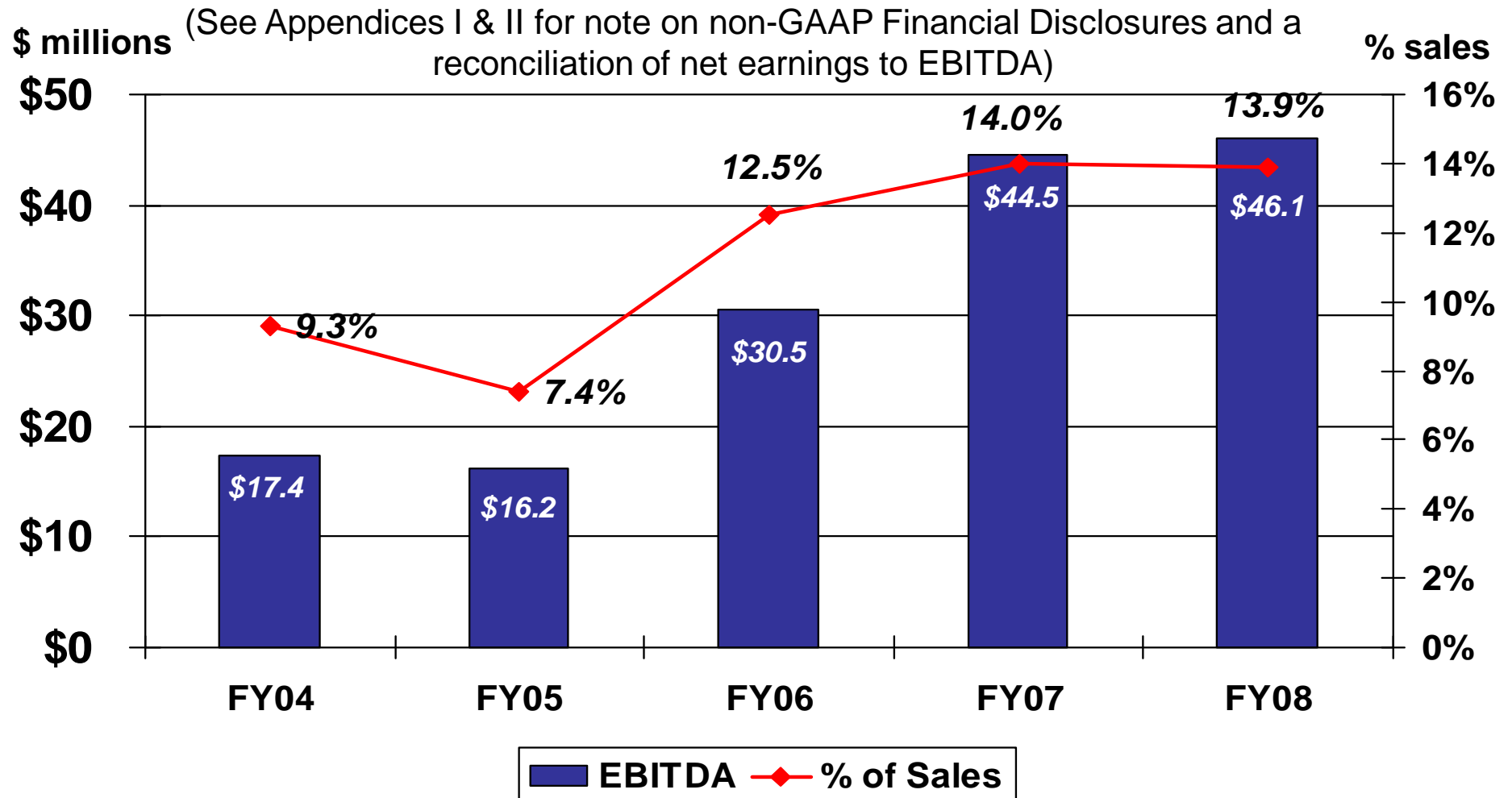


Net Sales & Net Earnings (Fiscal Year)





EBITDA





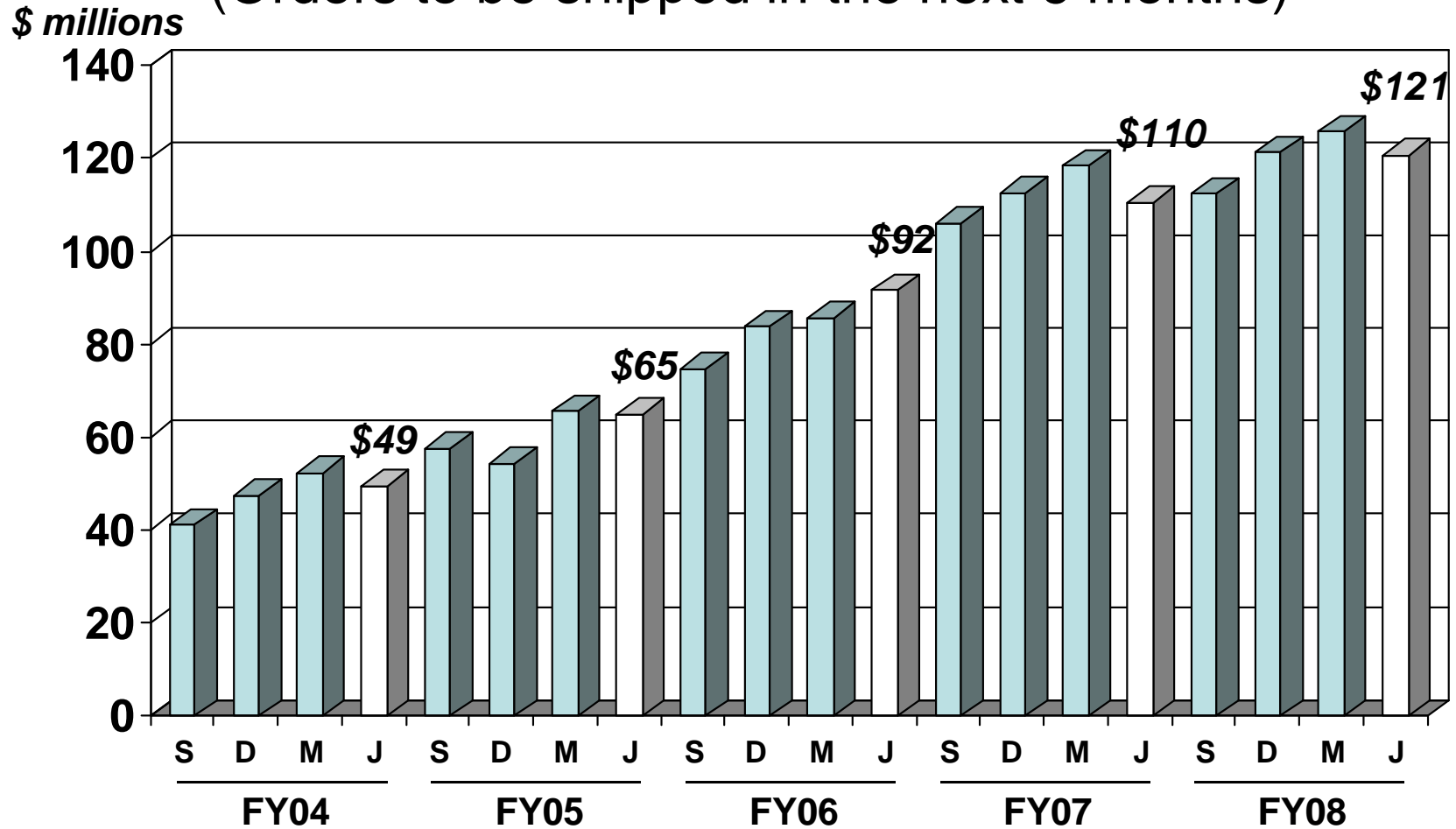
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Looking Ahead



Corporate Six Month Backlog

(Orders to be shipped in the next 6 months)





Fiscal Year 2009 Outlook

- Cautiously optimistic
- Key markets will remain strong
 - Commercial marine and mega yacht, defense and airport firefighting and rescue markets to continue to be strong
- Seeing signs of a turnaround in demand from customers in the industrial markets
- Increase in inquiries related to the oil and gas market



Fiscal Year 2009 Outlook

- Technology differentiation/new products
- Opportunity for operating leverage continues
 - Increasing volume
 - Expanding global outsourcing
 - Investing in core competencies
- Active Acquisition Program
- Board authorized repurchase of up to an additional 500,000 shares



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Appendices



Appendix I

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.



Appendix II

Reconciliation of Net Earnings to EBITDA

<i>in \$ thousands, except % data</i>	2003	2004	2005	2006	2007	2008
Net Earnings	\$ (2,394)	\$ 5,643	\$ 6,910	\$ 14,453	\$ 21,852	\$ 24,252
Income Taxes	(300)	4,964	2,485	8,470	12,273	10,904
Interest Expense	1,323	1,078	1,134	1,718	3,154	3,038
Depreciation & Amortization	5,673	5,692	5,677	5,866	7,252	7,881
Earnings before interest, taxes, depreciation and amortization	\$ 4,302	\$ 17,377	\$ 16,206	\$ 30,507	\$ 44,531	\$ 46,075
Net Sales	\$ 179,591	\$ 186,089	\$ 218,472	\$ 243,287	\$ 317,200	\$ 331,694
EBITDA as a % of Sales	2.4%	9.3%	7.4%	12.5%	14.0%	13.9%



Appendix III

Fiscal Year Condensed Consolidated Statements of Operations

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

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Appendix IV

4th Fiscal Quarter Condensed Consolidated Statements of Operations

(\$ thousands, unaudited)	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Sales	\$ 90,349	\$ 90,782	\$ 72,534	\$ 61,923
Gross Profit	29,045 32.1%	30,022 33.1%	24,057 33.2%	17,155 27.7%
MEA Expense	19,308 21.4%	19,174 21.1%	14,816 20.4%	12,669 20.5%
Restructuring	(373)	2,652	-	2,076
Interest Expense	713	801	582	320
Misc. Exp/(Inc)	<u>238</u>	<u>35</u>	<u>81</u>	<u>(270)</u>
Pretax Earnings	9,159	7,360	8,578	2,360
Income Taxes	2,218	2,300	2,888	(815)
Minority Interest	68	(59)	(30)	(33)
Net Earnings	<u>\$ 7,009</u>	<u>\$ 5,001</u>	<u>\$ 5,660</u>	<u>\$ 3,142</u>
EBITDA	\$ 12,395	\$ 10,150	\$ 10,887	\$ 4,377
DILUTED EPS	\$ 0.62	\$ 0.41	\$ 0.47	\$ 0.27

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Appendix V: Marine Systems



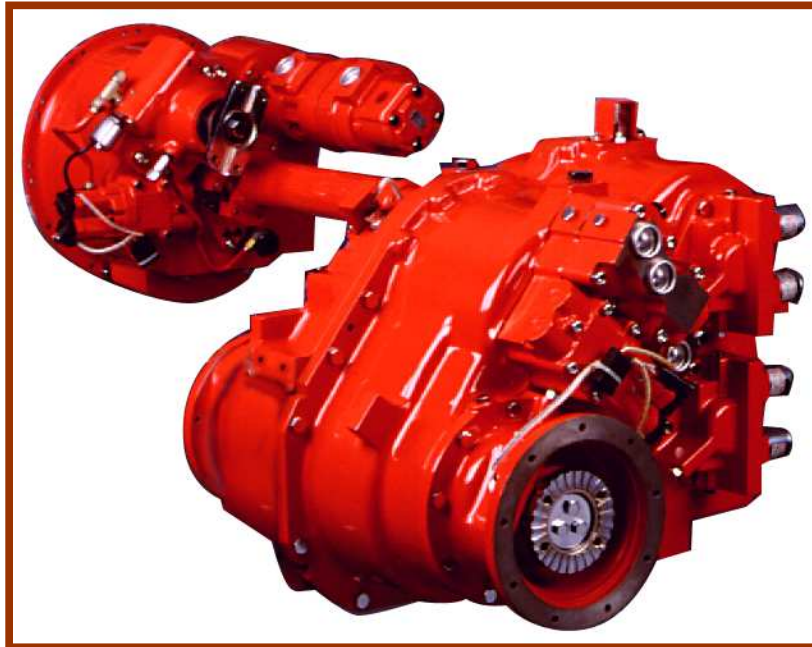
- Target Markets: Pleasure, commercial & military boats 30' to 250'
- Products: Transmissions, Surface Drives, Propellers, Steering/Thruster/Trim Systems
- Channels: Engine OEMs & dealers & boat builders
- Customers: CAT, Cummins, MAN, MTU, Volvo / Azimuth, Baia, Ferretti, Hatteras, Riviera, Sanlorenzo, Sunseeker
- Competition: ZF, Reintjes / Kamewa /Side Power, Ultraflex

Appendix VI: Transmission Systems

Transmissions

Torque Converters

Electronic Controls



- Target Market: Off-highway and all-terrain specialty vehicles
- Products: Niche products - 400 to 3,000 HP
- Channel: OEM vehicle mfrs.
- Customers: BAE, Oshkosh, Tatra / BJ Services, Cisco High-Lift, Crown Energy, Enerflo, Fractec, Trican
- Competitors: Allison, ZF



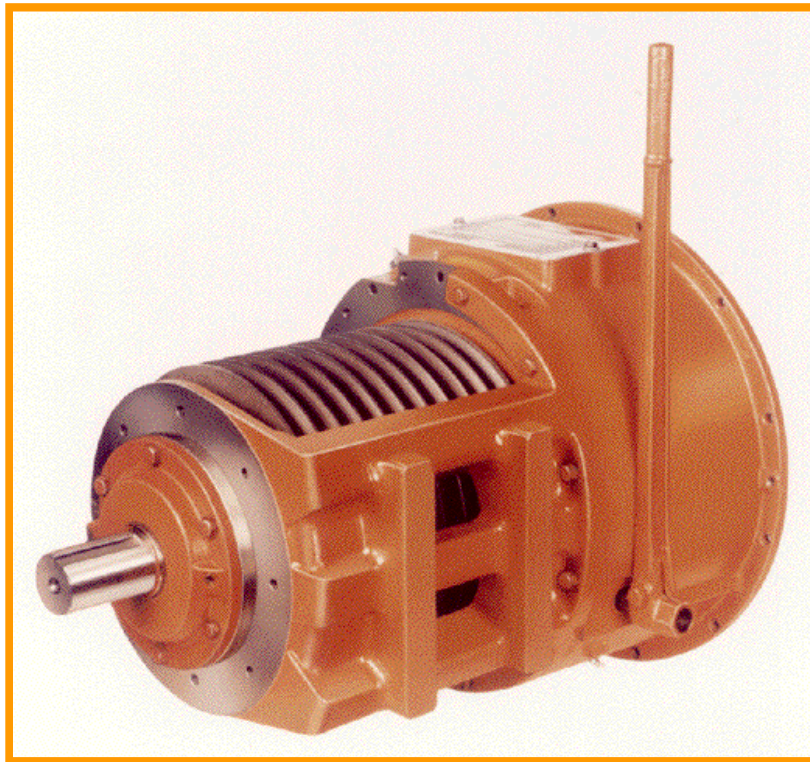
Appendix VII: Industrial Products

Clutches

PTOs

Torque Converters

Variable Speed & Starting Drives



- Target Market: Heavy duty industrial disconnect applns
- Products: Mech & hyd 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, Stiebel, Transfluid, WPT



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