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 15, 2010

TWIN DISC, INCORPORATED

(exact name of registrant as specified in its charter)

WISCONSIN	**001-7635**	**39-0667110**
(State or other jurisdiction of incorporation)	(Commission File Number)	(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

On October 19, 2010, Twin Disc, Incorporated (the “Company”) reported its fiscal 2011 first quarter financial results. The Company's press release announcing the results is attached hereto as Exhibit 99.1 and is incorporated herein in its entirety by reference.

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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, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The Company's Board of Directors (the "Board") previously approved, subject to shareholder approval, the adoption of the Twin Disc, Incorporated 2010 Long-Term Incentive Compensation Plan (the "Incentive Compensation Plan"). The purpose of the Incentive Compensation Plan is to promote the overall financial objectives of the Company by providing opportunities for the officers and key employees selected to participate in the Incentive Compensation Plan to acquire common stock of the Company, and to receive common stock or cash bonuses upon attainment of specified financial goals of the Company. At the Annual Meeting of Shareholders of the Company on October 15, 2010, the Company's shareholders approved the adoption of the Incentive Compensation P lan.

The foregoing description of the Incentive Compensation Plan is qualified in its entirety by reference to the Twin Disc, Incorporated 2010 Long-Term Incentive Compensation Plan, which was filed as Exhibit 99 to the Company's Registration Statement on Form S-8 filed on October 15, 2010 (File No. 333-169962). For a more complete description of the terms of the Incentive Compensation Plan, please see "Proposal 2: Approval of the Twin Disc, Incorporated 2010 Long-Term Incentive Compensation Plan" in the Company's proxy statement dated September 15, 2010 filed with the Securities and Exchange Commission.

Item 5.07 Submission of Matters to a Vote of Security Holders.

The Annual Meeting of Shareholders of the Company was held on October 15, 2010. 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 2013 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**
John H. Batten	7,227,545	87.92%	992,836	12.08%	2,106,628
Harold M. Stratton III	7,497,968	91.21%	722,413	8.79%	2,106,628
Michael C. Smiley	7,905,385	96.17%	314,996	3.83%	2,106,628

Proposal No. 2 - Approval of the Twin Disc, Incorporated 2010 Long-Term Incentive Compensation Plan.

The shareholders of the Company approved the Twin Disc, Incorporated 2010 Long-Term Incentive Compensation Plan. The following is a breakdown of the voting results:

	Votes For	**Votes Against**	**Abstentions**	**Broker Non-Votes**
Number of Votes Cast:	6,620,773	1,552,973	46,633	2,106,628
Percentage of Votes Cast:(2)	81.0%	19.0%		

Proposal No. 3 - Approval of the Twin Disc, Incorporated 2010 Stock Incentive Plan for Non-Employee Directors.

The shareholders of the Company approved the Twin Disc, Incorporated 2010 Stock Incentive Plan for Non-Employee Directors. The following is a breakdown of the voting results:

	Votes For	**Votes Against**	**Abstentions**	**Broker Non-Votes**
Number of Votes Cast:	6,593,080	1,596,038	31,261	2,106,628
Percentage of Votes Cast:(2)	80.5%	19.5%		

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

The shareholders of the Company ratified the appointment of PricewaterhouseCoopers LLP (PwC) as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2011. The following is a breakdown of the voting results:

	Votes For	**Votes Against**	**Abstentions**
Number of Votes Cast:	9,795,882	471,067	60,058
Percentage of Votes Cast:(2)	95.4%	4.6%	

(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. Broker non-votes were not considered as part of the totals on which percentages were based.

(2) Percentages shown for approval of incentive plans (Proposal Nos. 2 and 3) and ratification of PwC (Proposal No. 4) are based on total numbers of votes cast. Broker non-votes and abstentions were not considered part of the totals on which the 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 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, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 8.01 Other Events

The Company's Board previously approved, subject to shareholder approval, the adoption of the Twin Disc, Incorporated 2010 Stock Incentive Plan for Non-Employee Directors (the "Director's Plan"). The purpose of the Director's Plan is to promote the financial interests of the Company and its shareholders by providing non-employee members of the Company's Board (each a "Participant") the opportunity to acquire common stock of the Company, thereby assisting the Company in its efforts to attract and retain well qualified individuals to serve as Directors and further aligning the interests of such Directors with those of the Company's shareholders. Under the Plan, Participants may be awarded options to purchase common st ock, common stock with certain imposed restrictions on transferability ("Restricted Stock"), or cash-settled restricted stock units (i.e., cash payments valued by reference to the Company's common stock that are awarded with a substantial risk of forfeiture attached). At the Annual Meeting of Shareholders of the Company on October 15, 2010, the Company's shareholders approved the adoption of the Stock Incentive Plan.

The foregoing description of the Director's Plan is qualified in its entirety by reference to the Director's Plan, which was filed as Exhibit 99 to the Company's Registration Statement on Form S-8 filed on October 15, 2010 (File No. 333-169963). For a more complete description of the terms of the Director's Plan, please see "Proposal 3: Approval of the Twin Disc, Incorporated 2010 Stock Incentive Plan for Non-Employee Directors" in the Company's proxy statement dated September 15, 2010 filed with the Securities and Exchange Commission.

On October 15, 2010, following approval of the Director's Plan, each of the non-employee Directors of the Company received 2,748 shares of Restricted Stock under the Director's Plan, representing 50% of their annual Board retainer (exclusive of Committee chair fees). A form of Restricted Stock Agreement entered into between the Company and each non-employee Director is filed herewith as Exhibit 10.3 and incorporated herein by reference.

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.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
10.1	Twin Disc, Incorporated 2010 Long-Term Incentive Compensation Plan (Incorporated by reference to Exhibit 99 to Twin Disc, Incorporated's Registration Statement on Form S-8 filed on October 15, 2010, File No. 333-169962).
10.2	Twin Disc, Incorporated 2010 Stock Incentive Plan for Non-Employee Directors (Incorporated by reference to Exhibit 99 to Twin Disc, Incorporated's Registration Statement on Form S-8 filed on October 15, 2010, File No. 333-16963).
10.3	Form of Twin Disc, Incorporated Non-Employee Director Restricted Stock Agreement
99.1	Press Release announcing fiscal first quarter 2011 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 19, 2010 Twin Disc, Inc.

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

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Exhibit 10.3

TWIN DISC, INCORPORATED
NON-EMPLOYEE DIRECTOR
RESTRICTED STOCK AGREEMENT

This RESTRICTED STOCK AGREEMENT (the "Agreement"), by and between TWIN DISC, INCORPORATED (the "Company") and _____________________ (the "Director") is dated this ___ day of __________, 20___, to memorialize awards of restricted stock under an equity compensation plan of the Company.

WHEREAS, the Company has adopted, and the shareholders of the Company have approved, the Twin Disc, Incorporated 2010 Stock Incentive Plan for Non-Employee Directors (the "Plan"), pursuant to which non-employee directors of the Company may receive a portion of their annual retainer in the form of restricted stock as of the day of each annual shareholders meeting; and

WHEREAS, the current annual retainer (exclusive of Committee chair fees) is $_________, and the Board of Directors has approved that ____% of such annual retainer will be paid in the form of restricted stock.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements herein set forth, the parties hereto agree as follows:

1. Restricted Stock Awards. Subject to the terms of the Plan, a copy of which has been provided to the Director and is incorporated herein by reference, and subject to the terms and conditions and restrictions set forth below, the Company grants and agrees to grant to the Director _____ shares of the common stock ("Restricted Stock") of the Company.

2. Fair Market Value. The fair market value of the shares granted was ___________ dollars and ______________ cents ($_______) per share on the date of grant.

3. Price Paid by Director. The price to be paid by the Director for the Restricted Stock shall be No Dollars ($ 0.00) per share.

4. Restrictions on Transferability. Except as otherwise provided in Section 5, the shares granted shall not be subject to sale, assignment, pledge or other transfer or disposition by the Director, except by reason of an exchange or conversion of such shares because of merger, consolidation, reorganization or other corporate action. Any shares into which the granted shares may be converted or for which the granted shares may be exchanged in a merger, consolidation, reorganization or other corporate action shall be subject to the same transferability restrictions as the granted shares.

5. Lapse of Restrictions on Transferability. The shares of Restricted Stock awarded hereunder shall become freely transferable as of the date of the annual meeting of the Company's shareholders that is subsequent to the date the Restricted Stock was awarded if the Director continues to serve on the Board of Directors of the Company up to such meeting; provided, however, that all Restricted Stock held by the Director shall become freely transferable upon the death or disability of the Director, as provided in Section 9.3 of the Plan.

6. Forfeitability. Notwithstanding Section 5 of this Agreement, if the Director:

   a. is recommended by the Company to be re-elected to the Board and fails to be re-elected by the shareholders of the Company to the Board in that election; or

   b. is prohibited from serving on the Board by any court of competent jurisdiction or other government authority, or in the discretion of the Board is no longer competent to serve on the Board due to the Director's violation of state or federal securities law or other rule of the NASDAQ Stock Market (or such other listing standards then applicable to the Company),

then any Restricted Stock held by the Director that remains subject to the transfer restrictions set forth in Section 4 shall be immediately forfeited.

7. Rights of Shareholder. Upon the date of issuance of certificates for shares granted, the Director shall otherwise have all the rights of a shareholder including the right to receive dividends and to vote shares. Cash and stock dividends shall be payable to the Director as they are paid by the Company, even if the restrictions on the shares to which such dividends relate have not yet lapsed. The certificates representing such shares shall be held by the Company for account of the Director, and shall be delivered to the Director as and when the shares represented thereby become non-forfeitable.

8. Section 83(b) Election. The Director acknowledges that: (1) the stock granted pursuant to the Plan and this Agreement is restricted property for purposes of Section 83(b) of the Internal Revenue Code and that the shares granted are subject to a substantial risk of forfeiture as therein defined until the year in which such shares are no longer subject to a substantial risk of forfeiture; and (2) the Director may make an election to include the fair market value of the shares in income in the year of the grant in which case no income is included in the year the shares are no longer subject to a substantial risk of forfeiture. Responsibility for determining whether or not to make such an election and compliance with the necessary requirements is the sole responsibility of the Director.

9. Restrictions on Transfer. The Director agrees for himself and his heirs, legatees and legal representatives, with respect to all shares granted hereunder (or any securities issued in lieu of or in substitution or exchange therefore) that such shares will not be sold or transferred except pursuant to an effective registration statement under the Securities Act of 1933, as amended, or pursuant to an applicable exemption from registration (such as SEC Rule 144). The Director represents that such shares are being acquired for the Director's own account and for purposes of investment, and not with a view to, or for sale in connection with, the distribution of such shares, nor with any present intention of distributing such shares.

TWIN DISC, INCORPORATED

By: ___________________________________

Its: ___________________________________

DIRECTOR:

____

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

TWIN DISC, INC. ANNOUNCES FISCAL 2011 FIRST-QUARTER FINANCIAL RESULTS

- Sequential Earnings Improvements Continue
- Oil & Gas Markets Drive Significant Growth in Sales, Profitability and Backlog
- Management Encouraged With Business Outlook and New Product Introductions

RACINE, WISCONSIN—October 19, 2010—**Twin Disc, Inc. (NASDAQ: TWIN)** today reported financial results for the fiscal 2011 first quarter ended September 24, 2010.

Sales for the fiscal 2011 first quarter, seasonally the weakest quarter of the fiscal year, improved to $61,395,000, from $47,057,000 for the same period last year. The improvement in sales was the result of growing demand from customers in the oil and gas market. Stable demand continues from the airport, rescue and fire fighting (ARFF), land- and marine-based military, and commercial marine markets. The Company's mega yacht business continued to be challenging.

Gross margin for the fiscal 2011 first quarter was 32.6 percent, compared to 20.7 percent in the fiscal 2010 first quarter. The significant improvement in fiscal 2011 first-quarter gross margin was the result of increased sales volumes, improved manufacturing efficiency and absorption, and a more profitable mix of business. The Company also continues to benefit from the cost reduction and avoidance programs announced in the fourth quarter of fiscal 2009. Gross margin for the fiscal 2010 first quarter was severely impacted by the combination of plant closings for the equivalent of two months at the Company's European facilities and the closing for one month of the Company's Racine, Wisconsin manufacturing facilities.

For the fiscal 2011 first quarter, marketing, engineering and administrative (ME&A) expenses, as a percentage of sales, were 24.1 percent, compared to 27.2 percent for the fiscal 2010 first quarter. ME&A expenses increased $1,999,000 versus the same period last fiscal year. The table below summarizes significant changes in certain ME&A expenses for the quarter:

$ thousands – (Income)/Expense	Three Months Ended September 24, 2010	September 25, 2009	Increase/ (Decrease)
Stock-Based Compensation	$ 919	$ 94	$ 825
Incentive/Bonus Expense	936	0	936
			$ 1,761
		Foreign Exchange Translation, net	(229)
			$ 1,532
		All other, net	467
			$ 1,999

The effective tax rate for the fiscal 2011 first quarter was 36.6 percent, which is slightly lower than the prior year's tax rate of 37.7 percent. The current year rate includes the benefit of the reversal of a valuation allowance related to state tax credits due to improved domestic income. Management anticipates the tax rate for the remainder of the year will remain consistent with the rate experienced in the fiscal 2011 first quarter.

Net earnings attributable to Twin Disc for the fiscal 2011 first quarter were $2,656,000, or $0.24 per diluted share, compared to a net loss of $2,404,000, or $0.22 per diluted share, for the fiscal 2010 first quarter.

Earnings before interest, taxes, depreciation and amortization (EBITDA)* was $6,923,000 for the fiscal 2011 first quarter, compared to negative EBITDA of $808,000 for the fiscal 2010 first quarter.

Commenting on the results, Michael E. Batten, Chairman and Chief Executive Officer, said: "Demand for our oil and gas transmission systems continues to have a profound impact on our sales, profitability and backlog. This demand is being driven by positive market trends from customers in the oil and gas industry building high-horsepower rigs, where our transmission systems continue to be the industry leader for these kinds of applications. While much of our near-term momentum is tied to the 8500 transmission systems, we are continuing to invest and expand other areas of our business. The commercial marine, pleasure craft, industrial, defense and ARFF markets remain very important markets for us and we are confident in their long-term growth. The industrial market, which has been difficu lt for the past several quarters, is beginning to stabilize. Demand from the defense, ARFF and commercial marine markets continues to be good, while demand from the pleasure craft market remains depressed."

Christopher J. Eperjesy, Vice President - Finance, Chief Financial Officer and Treasurer, stated: "Our balance sheet and financial position benefitted from the profitability we experienced in the fiscal 2011 first quarter. We generated $4,081,000 in cash from operations during the fiscal 2011 first quarter, despite a 14.5 percent, or $12,218,000 increase in working capital as a result of increased sales and order activity. Total debt, net of cash, at September 24, 2010 was $9,725,000, compared to $12,109,000 at the end of fiscal 2010. Total Twin Disc shareholders' equity at the end of the fiscal 2011 first quarter improved 12.7 percent to $99,678,000, from $88,460,000 at the end of fiscal 2010. We continue to remain focused on conservatively managing our balance sheet and working capital levels."

Mr. Batten continued: "Our six-month backlog at September 24, 2010 was $99,970,000 compared to $84,419,000 at June 30, 2010 and $62,485,000 at September 25, 2009. The improvement in backlog is primarily the result of higher orders booked by oil and gas customers for our 8500 transmission systems. We expect to complete field testing the 7500 pressure pumping transmission system by the end of the year, with initial production commencing at the beginning of calendar 2011 and gaining momentum as the year progresses. We estimate the market for the 7500 to be much larger than the market for the 8500 series, due to its roadability without special permits. Further, we are excited about the business prospects of other new products including the joystick control system and hybrid-ready marine tr ansmission systems. The Express Joystick System (EJS) is unlike any other marine power control system currently in the marketplace and makes docking a boat much easier. I encourage everyone to view the videos we have posted on our website to see how revolutionary this system is.

"The growing trends that we began experiencing over the past several quarters, as well as more recent trends in our order intake, have us encouraged. While we have more modest expectations regarding growth in our other markets, our confidence in our business as a whole reflects primarily improving conditions in the oil and gas markets. The demand for pressure pumping transmissions has grown significantly in the past several months and now includes the initial orders for the 7500 transmission as well as the 8500 transmission system. These bookings point to an improving year for Twin Disc," concluded Mr. Batten.

Twin Disc will be hosting a conference call to discuss these results and to answer questions at 10:30 a.m. Eastern Time on Tuesday, October 19, 2010. To participate in the conference call, please dial 877-941-1427 five to ten minutes before the call is scheduled to begin. A replay will be available from 2:00 p.m. October 19, 2010 until midnight October 26, 2010. The number to hear the teleconference replay is 877-870-5176. The access code for the replay is 4372047.

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://www.twindisc.com/companyinvestor.aspx 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 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 perfor mance 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 24, 2010	Three Months Ended September 25, 2009
Net sales	$ 61,395	$ 47,057
Cost of goods sold	41,372	37,310
Gross profit	20,023	9,747
Marketing, engineering and administrative expenses	14,777	12,778
Earnings (loss) from operations	5,246	(3,031)
Interest expense	439	619
Other expense, net	554	60
Earnings (loss) before income taxes and noncontrolling interest	4,253	(3,710)
Income taxes	1,556	(1,398)
Net earnings (loss)	2,697	(2,312)
Less: Net earnings attributable to noncontrolling interest, net of tax	(41)	(92)
Net earnings (loss) attributable to Twin Disc	$ 2,656	$ (2,404)
Earnings (loss) per share:		
Basic earnings (loss) per share attributable to Twin Disc common shareholders	$ 0.24	$ (0.22)
Diluted earnings (loss) per share attributable to Twin Disc common shareholders	$ 0.24	$ (0.22)
Weighted average shares outstanding:		
Basic	10,882	11,137
Diluted	11,100	11,137
Dividends per share	$ 0.07	$ 0.07
Comprehensive income:		
Net earnings (loss)	$ 2,697	$ (2,312)
Other comprehensive income:		
Foreign currency translation adjustment	7,395	2,928
Amortization of actuarial and prior service cost	1,338	447
Comprehensive income	11,430	1,063
Comprehensive income attributable to noncontrolling interest	(41)	(92)
Comprehensive income attributable to Twin Disc	$ 11,389	$ 971

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

	Three Months Ended	
	September 24, 2010	September 25, 2009
Net earnings (loss) attributable to Twin Disc	$ 2,656	$ (2,404)
Interest expense	439	619
Income taxes	1,556	(1,398)
Depreciation and amortization	2,272	2,375
Earnings (loss) before interest, taxes, depreciation and amortization	$ 6,923	$ (808)

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, unaudited)

	September 24, 2010	June 30, 2010
ASSETS		
Current assets:		
Cash	$ 23,114	$ 19,022
Trade accounts receivable, net	46,918	43,014
Inventories, net	77,458	72,799
Deferred income taxes	5,597	5,224
Other	8,087	7,391
Total current assets	161,174	147,450
Property, plant and equipment, net	59,361	58,243
Goodwill, net	16,813	16,440
Deferred income taxes	23,418	24,029
Intangible assets, net	6,342	6,268
Other assets	6,845	6,626
TOTAL ASSETS	$ 273,953	$ 259,056
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	$ 3,987	$ 3,920
Accounts payable	26,894	23,842
Accrued liabilities	33,932	35,545
Total current liabilities	64,813	63,307
Long-term debt	28,852	27,211
Accrued retirement benefits	72,394	72,833
Deferred income taxes	3,914	3,914
Other long-term liabilities	3,500	2,472
Total liabilities	173,473	169,737
Equity:		
Twin Disc Shareholders’ Equity:		
Common stock authorized: 30,000,000; Issued: 13,099,468; no par value	9,664	10,667
Retained earnings	149,302	147,438
Accumulated other comprehensive loss	(33,355)	(42,048)
	125,611	116,057
Less treasury stock, at cost (1,786,462 and 2,070,124 shares, respectively)	25,933	27,597
Total Twin Disc shareholders' equity	99,678	88,460
Noncontrolling interest	802	859
Total Equity	100,480	89,319
TOTAL LIABILITIES AND EQUITY	$ 273,953	$ 259,056

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

	Three Months Ended September 24, 2010	Three Months Ended September 25, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	$ 2,697	$ (2,312)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,272	2,375
Other non-cash changes, net	1,713	277
Net change in working capital, excluding cash	(2,601)	8,203
Net cash provided by operating activities	4,081	8,543
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of fixed assets	(1,247)	(1,031)
Proceeds from sale of fixed assets	49	-
Other, net	(293)	(293)
Net cash used by investing activities	(1,491)	(1,324)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	18	-
Principal payments of notes payable	(42)	(874)
Proceeds from (payment of) long-term debt	1,695	(1,394)
Proceeds from exercise of stock options	71	80
Dividends paid to shareholders	(792)	(783)
Dividends paid to noncontrolling interest	(138)	-
Other	132	(501)
Net cash provided (used) by financing activities	944	(3,472)
Effect of exchange rate changes on cash	558	128
Net change in cash and cash equivalents	4,092	3,875
Cash and cash equivalents:		
Beginning of period	19,022	13,266
End of period	$ 23,114	$ 17,141

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