



Twin Disc, Incorporated



TWIN DISC®

WE PUT HORSEPOWER TO WORK™

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

- 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



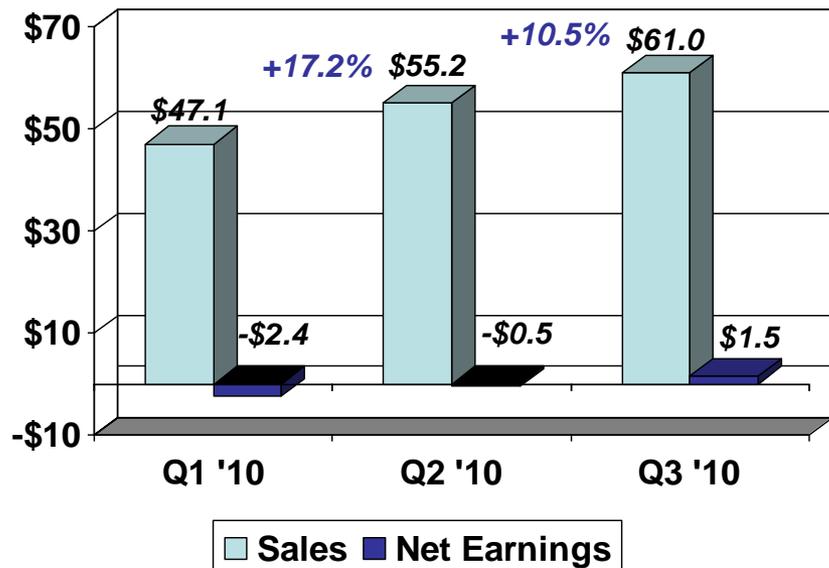
- ★ Manufacturing location (# of facilities in each location)
- Company owned distribution/service location
- Purchasing/sourcing offices

FY 2010 Financial Highlights

- Financial Results Improved Sequentially
 - Q3 versus Q2 Sales up 11%
 - Q2 versus Q1 Sales up 17%
- Year-to-Date Cash Flow From Operations Strong
 - Generated \$23.1 million thru first 9 months of fiscal year
- Total Debt Reduced \$16 million, or 31%, in First Nine Months
- Six Month Backlog Up 20% Year-to-Date
 - Driven by higher order activity for 8500 series transmission for oil & gas market
 - Military & ARFF backlog remains steady

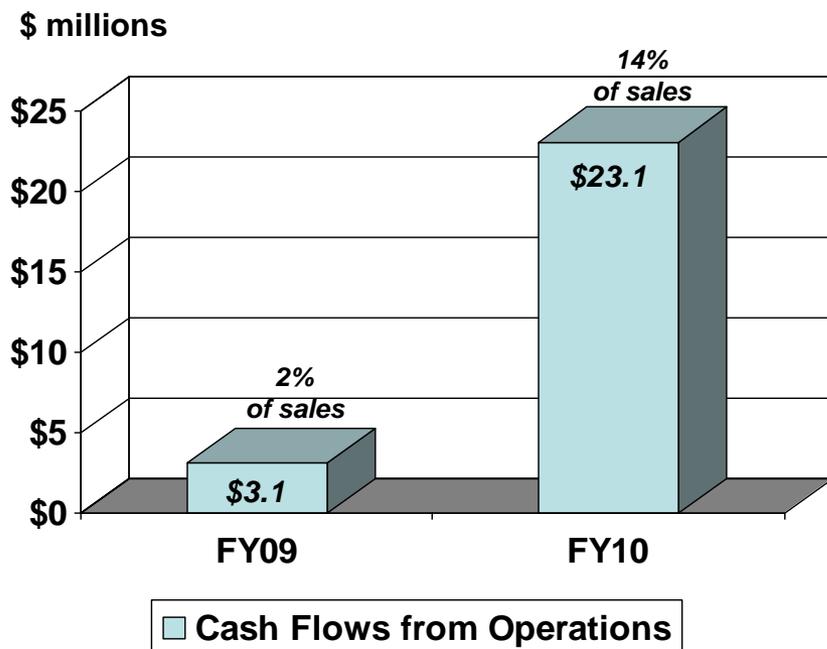
Net Sales & Net Earnings

\$ millions



- Q3 Sales up 10.5% vs. Q2 Sales
 - 6 month backlog increased 20% fiscal year to date to \$73 million
 - Asian markets continued at record levels
 - ARFF & Military transmission markets holding steady
 - Pleasure craft marine remains weak
- Gross Margin as % of Sales improved 640 basis points to 27.1% in Q3, compared to 20.7% in Q1

Operating Cash Flows (First Nine Months)



- Generated \$23.1 million of operating cash flow in first nine months of Fiscal 2010
 - Continue to focus on inventory and receivables management

- Debt Reduction & Cash
 - Revolver balance has decreased \$19.1 million over the past 4 quarters
 - As of March 26, 2010, \$26 million of available borrowing on revolver & nearly \$15 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

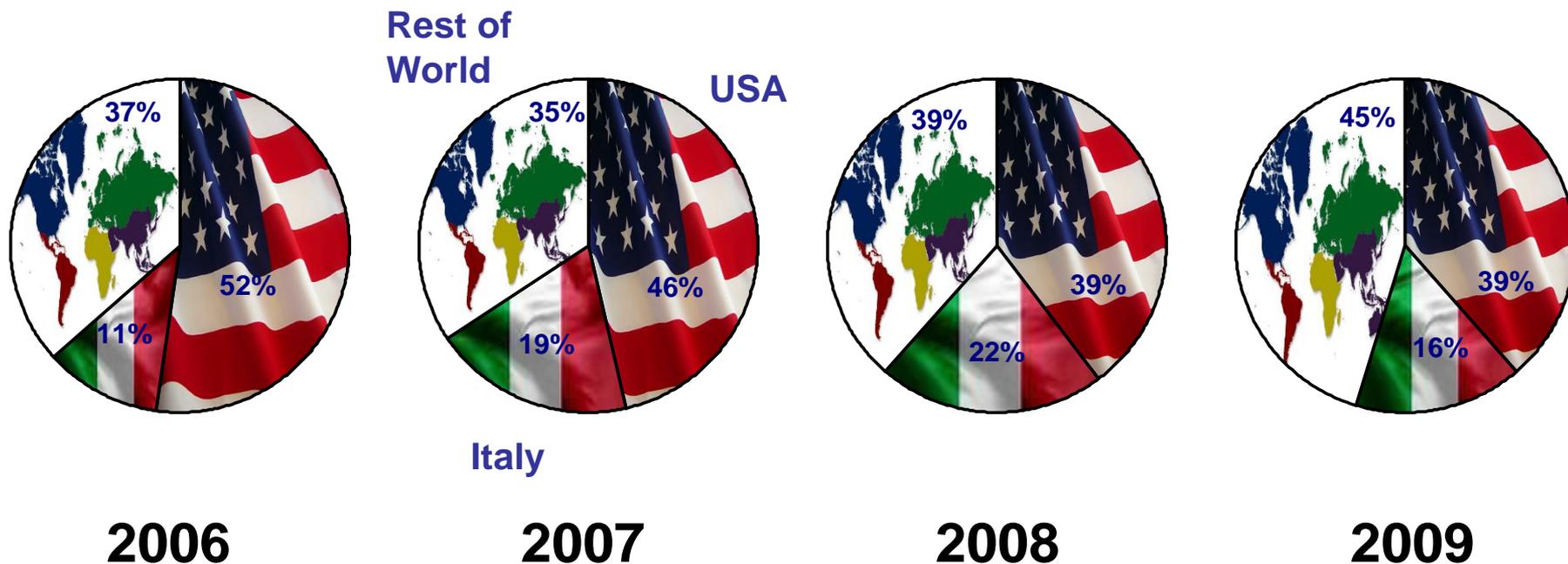


Land-Based Products

- 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



48% International Sales 61% International Sales

Managing Our Cost Structure

CAPEX



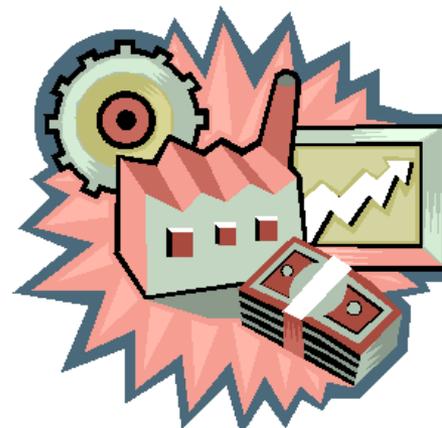
Global Outsourcing



\$25 million Global Cost Reduction & Avoidance Program

- Pension freeze
- Salary & wage reductions
- Temporary layoffs in US
- Government-sponsored programs in Europe
- ME&A 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

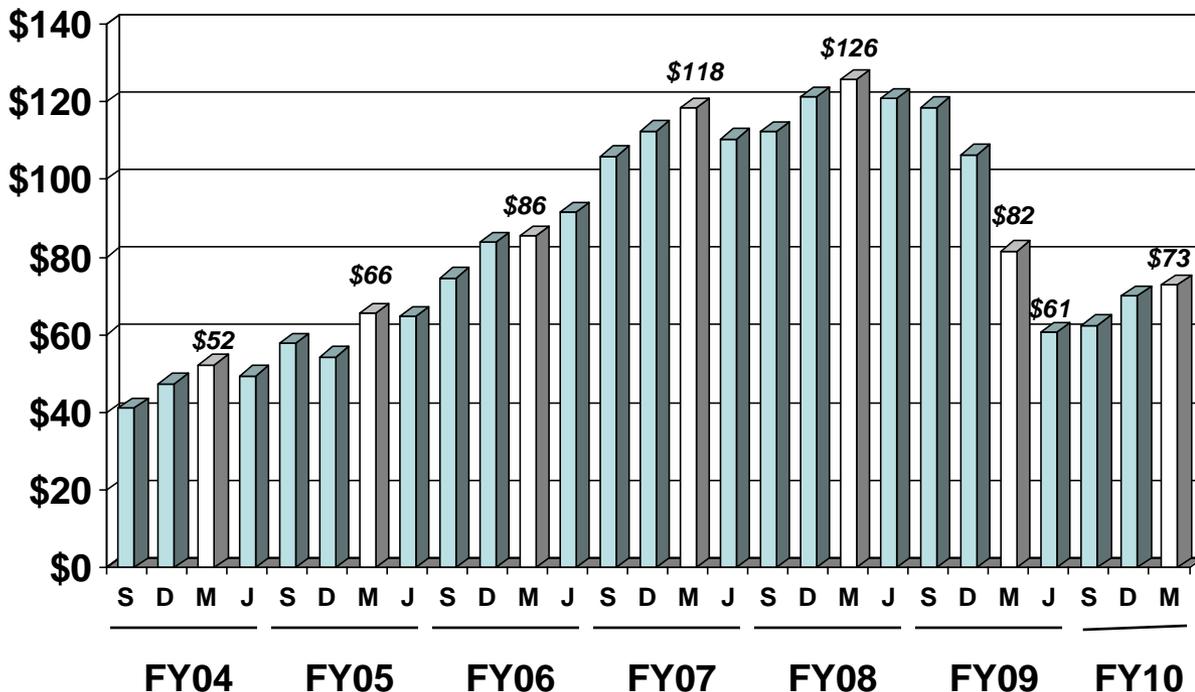


Looking Ahead

Corporate Six Month Backlog

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

\$ millions



- 6 month backlog up 20% since start of fiscal year

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

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



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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



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



Corporate Profile – Market Diversity

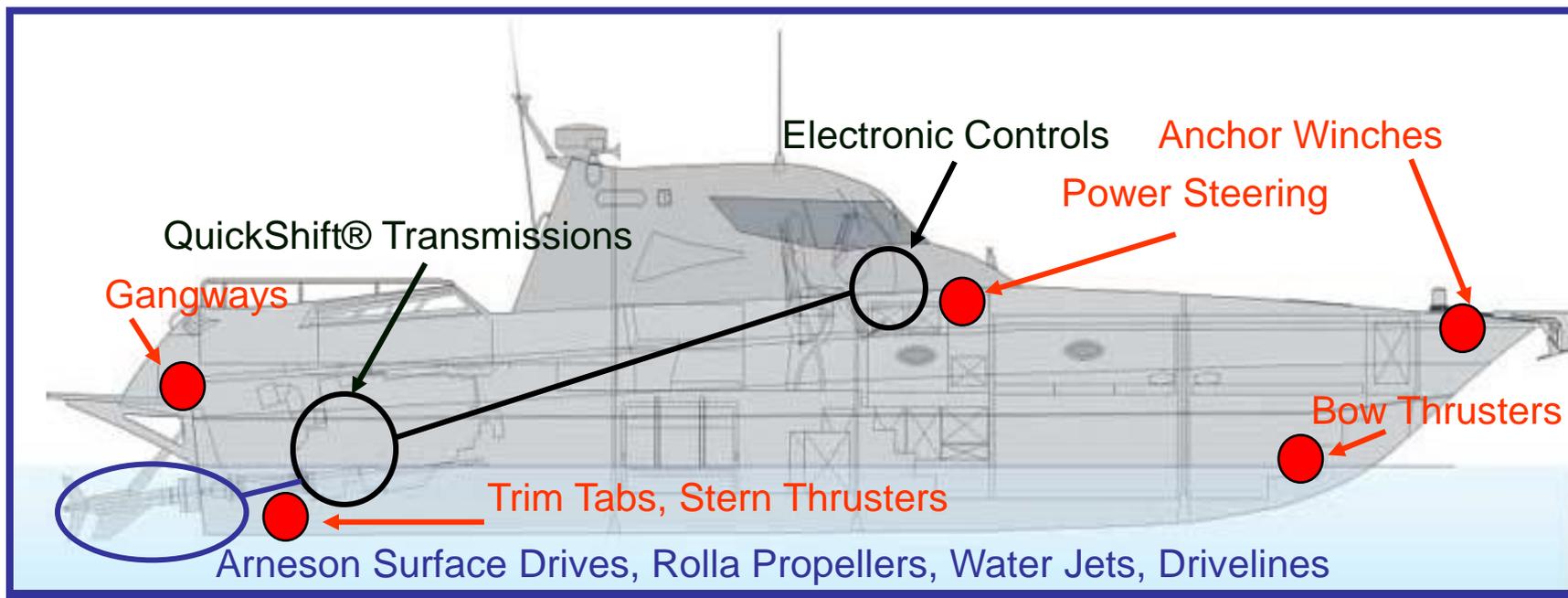
Patrol Boat Market:

- *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



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, Stiebel, Transfluid, WPT



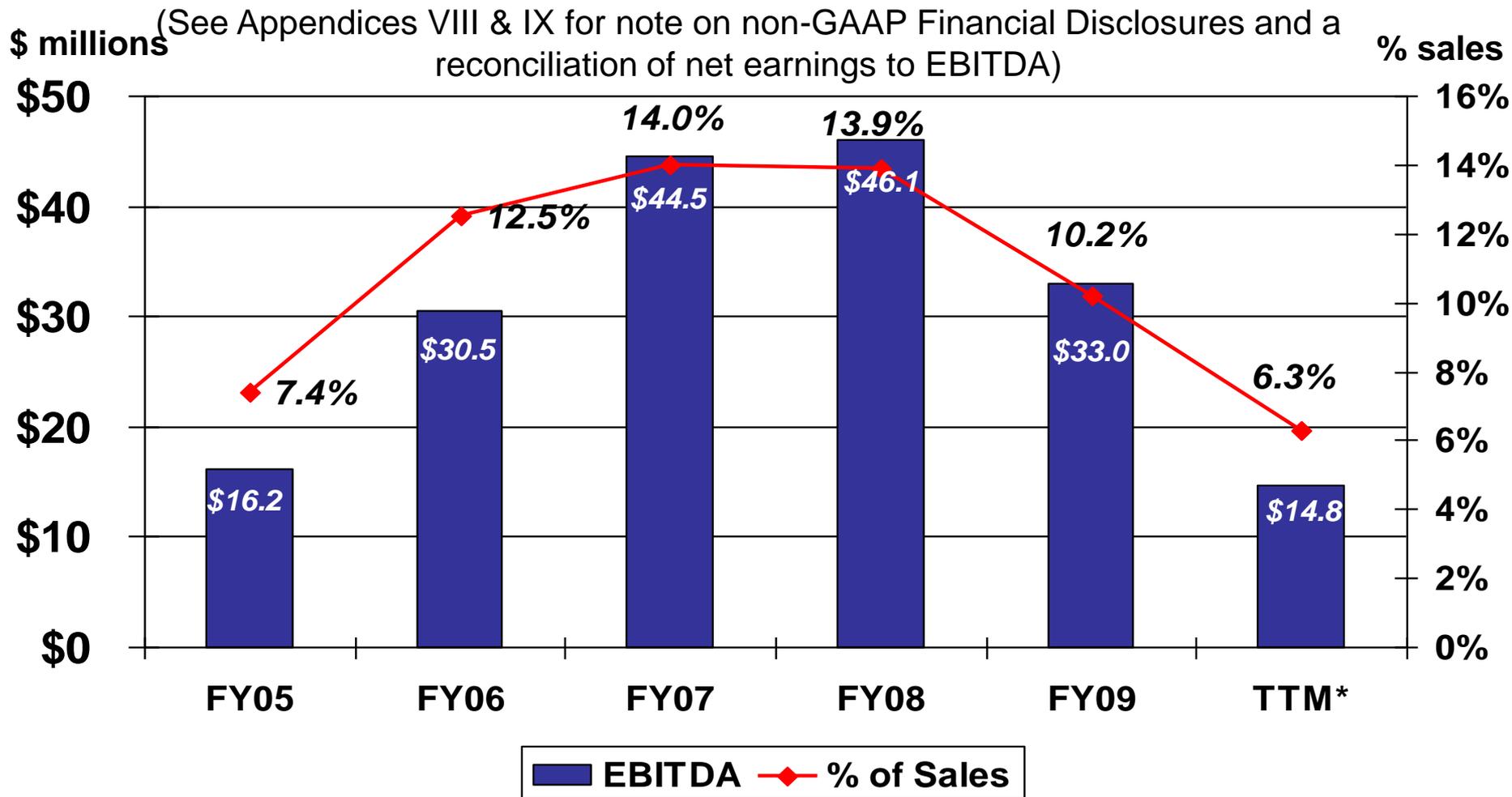
Corporate Profile – Market Diversity

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 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	\$ 1,311	\$ 11,502	\$ 24,252	\$ 21,852	\$ 14,453	\$ 6,910
Income Taxes	1,164	6,257	10,904	12,273	8,470	2,485
Interest Expense	2,471	2,487	3,038	3,154	1,718	1,134
Depreciation & Amortization	9,804	9,774	7,881	7,252	5,866	5,677
Earnings before interest, taxes, depreciation and amortization	\$ 14,750	\$ 30,020	\$ 46,075	\$ 44,531	\$ 30,507	\$ 16,206
Net Sales	\$ 235,277	\$ 295,618	\$ 331,694	\$ 317,200	\$ 243,287	\$ 218,472
EBITDA as a % of Sales	6.3%	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>Q3 10*</u>	<u>TTM</u>
Sales	\$ 72,671	\$ 81,598	\$ 69,292	\$ 72,057	\$ 295,618	\$ 47,057	\$ 55,186	\$ 60,977	\$ 235,277
Gross Profit	20,072	22,953	19,151	19,267	81,443	9,747	14,786	16,505	60,305
Operating Income	3,754	5,945	4,634	5,452	19,785	(3,031)	(109)	1,950	4,262
Interest Exp	597	714	526	650	2,487	619	563	639	2,471
Net Earnings	2,465	3,433	2,850	2,754	11,502	(2,404)	(490)	1,451	1,311
EPS, Diluted	\$ 0.22	\$ 0.30	\$ 0.26	\$ 0.25	\$ 1.03	\$ (0.22)	\$ (0.04)	\$ 0.13	\$ 0.12
EPS, Basic	\$ 0.22	\$ 0.31	\$ 0.26	\$ 0.25	\$ 1.04	\$ (0.22)	\$ (0.04)	\$ 0.13	\$ 0.12
CAPEX	1,679	2,972	1,980	2,264	8,895	1,031	633	1,127	5,055
Deprec.	2,399	2,355	2,554	2,466	9,774	2,375	2,497	2,466	9,804
Oper Cash Flow	(1,292)	4,023	(2,231)	10,963	11,463	8,543	7,518	7,053	34,077
Dividends	789	789	755	772	3,105	783	783	783	3,121
Pretax Income	3,977	5,423	3,059	5,586	18,045	(3,710)	(809)	1,744	2,811
Taxes	1,353	1,924	362	2,618	6,257	(1,398)	(300)	244	1,164

* 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.



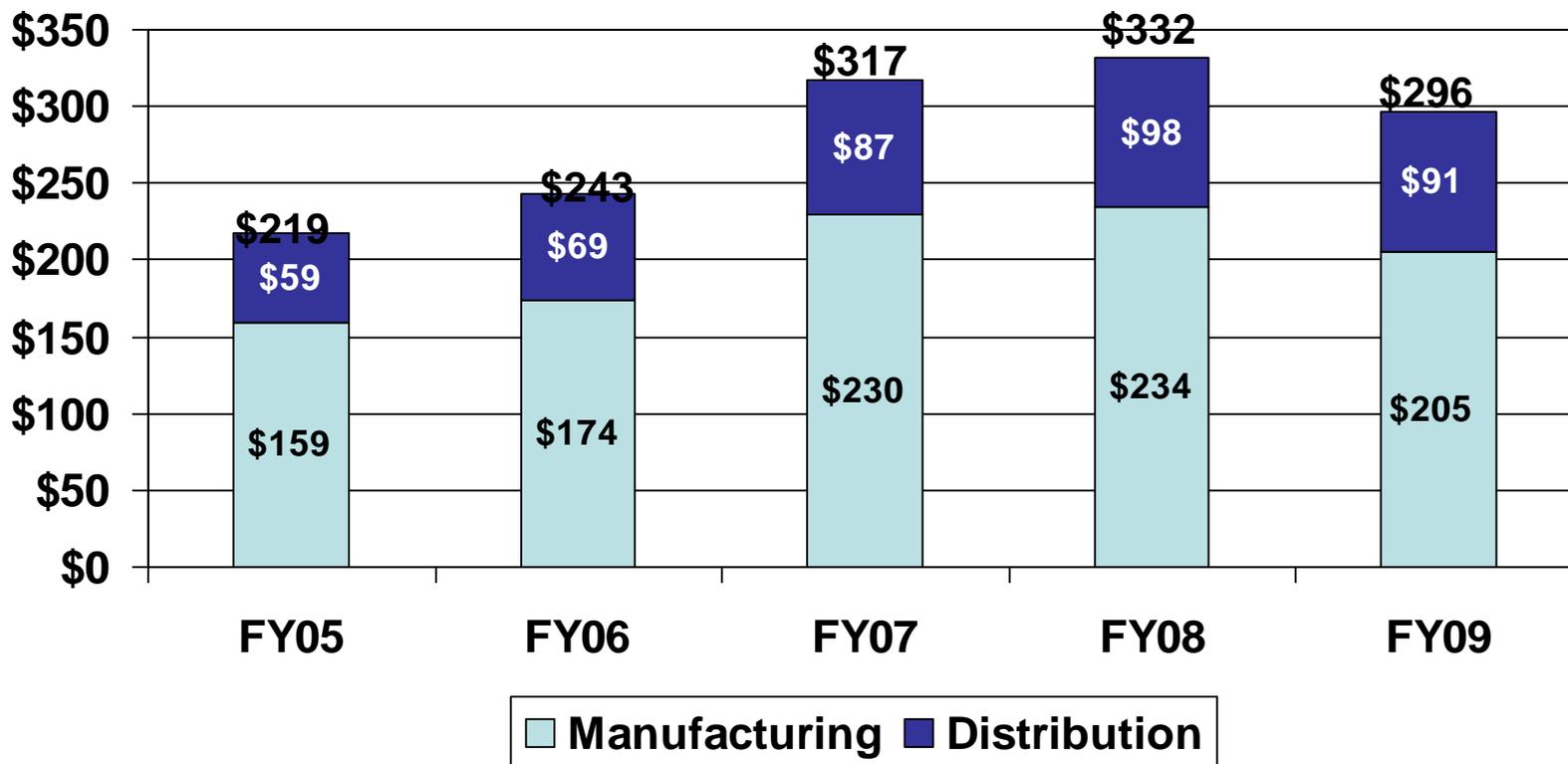
Fiscal Year Condensed Consolidated Statements of Operations

(\$ thousands, per Form 10-K)	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
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)	<u>(747)</u>	<u>606</u>	<u>(493)</u>	<u>14</u>	<u>52</u>
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	<u>(286)</u>	<u>(92)</u>	<u>(204)</u>	<u>(129)</u>	<u>(97)</u>
Net Earnings	<u>\$ 11,502</u>	<u>\$ 24,252</u>	<u>\$ 21,852</u>	<u>\$ 14,453</u>	<u>\$ 6,910</u>
EBITDA	\$ 33,020	\$ 46,075	\$ 44,531	\$ 30,507	\$ 16,206
DILUTED EPS	\$ 1.03	\$ 2.13	\$ 1.84	\$ 1.22	\$ 0.59

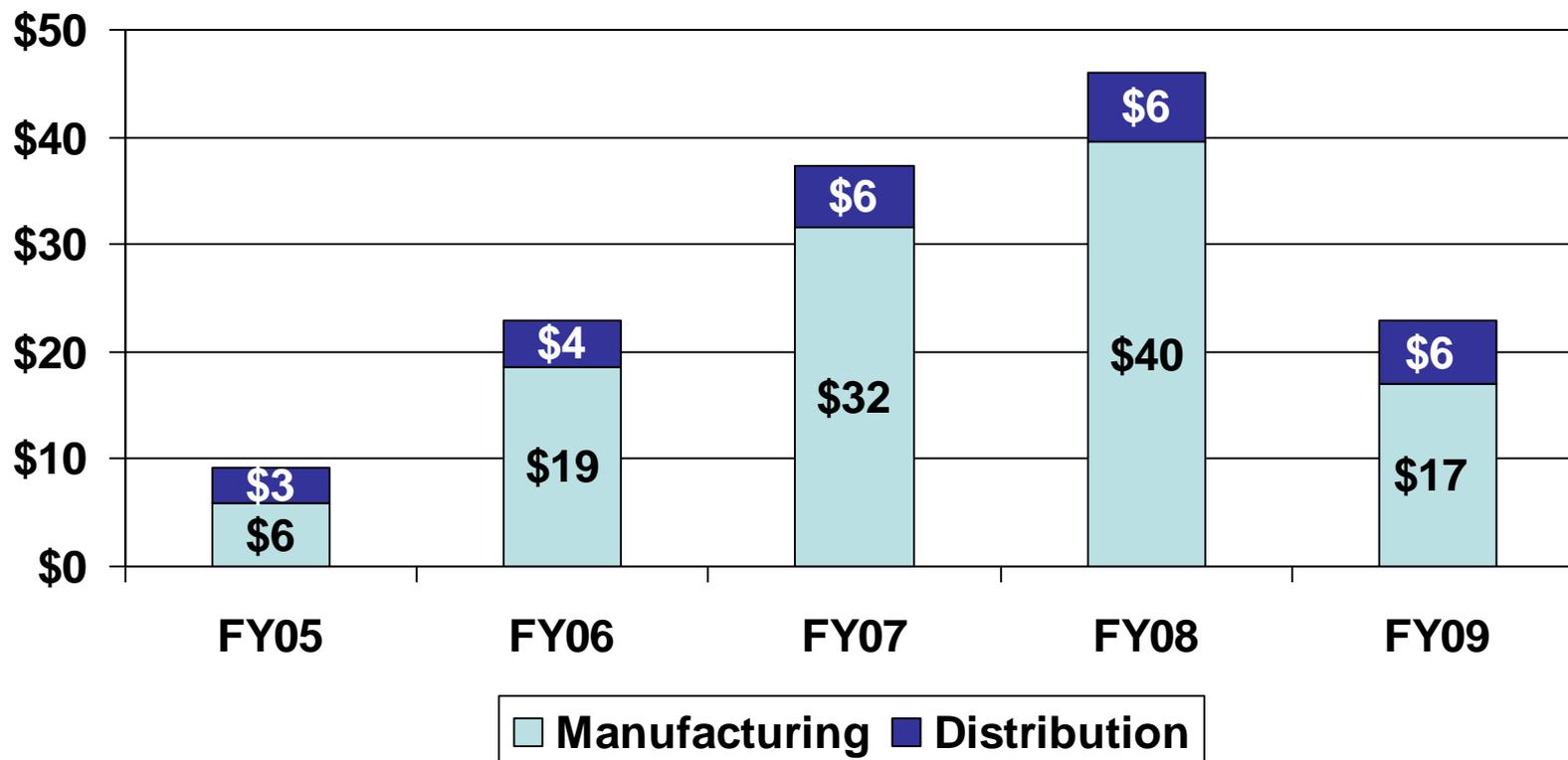
2nd Fiscal Qtr Condensed Consolidated Statements of Operations

(\$ 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)	<u>137</u>	<u>(192)</u>	<u>179</u>	<u>(248)</u>	<u>(47)</u>
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

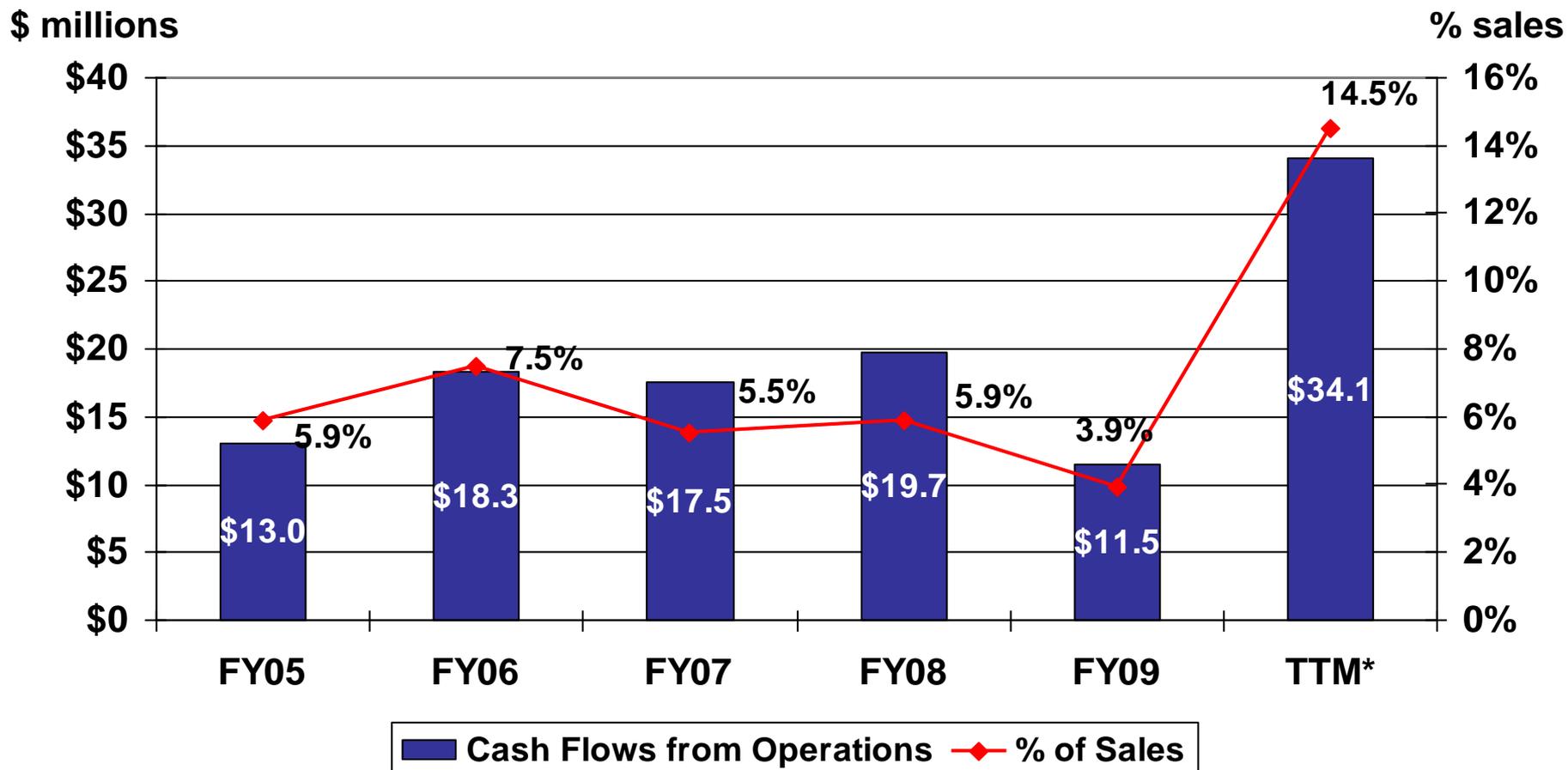
Net Sales by Segment



Net Earnings by Segment (before Corporate Expense)



Operating Cash Flows – Fiscal Year



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

