



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549  
FORM 10-K/A  
AMENDMENT NO. 1**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the Fiscal Year Ended June 30, 2009  
Commission File Number 1-7635

**TWIN DISC, INCORPORATED**  
(Exact Name of Registrant as Specified in its Charter)

Wisconsin  
(State or Other Jurisdiction of Incorporation or Organization)

39-0667110  
(I.R.S. Employer Identification Number)

1328 Racine Street, Racine, Wisconsin  
(Address of Principal Executive Office)

53403  
(Zip Code)

Registrant's Telephone Number, including area code:

(262) 638-4000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
Common stock, no par  
Preferred stock purchase rights

Name of each exchange on which registered:  
The NASDAQ Stock Market LLC  
The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None  
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  
YES  NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).  
Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  
YES  NO

At December 26, 2008, the last business day of the registrant's second fiscal quarter, the aggregate market value of the common stock held by non-affiliates of the registrant was \$58,579,283. Determination of stock ownership by affiliates was made solely for the purpose of responding to this requirement and registrant is not bound by this determination for any other purpose.

At August 21, 2009, the registrant had 11,184,626 shares of its common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held October 16, 2009, which will be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report, are incorporated by reference into Part III.

### **Explanatory Note Regarding Amendment No. 1**

This Amendment No. 1 to the Annual Report on Form 10-K of Twin Disc, Incorporated (the "Company") for the fiscal year ended June 30, 2009, is being filed for the purpose of attaching Exhibits 10(w) and 10(x), which were inadvertently omitted from the Form 10-K. As required by Rule 12b-15 of the Exchange Act, we are also filing new certification Exhibits 31a, 31b, 32a, and 32b. The remainder of the Company's Form 10-K is unchanged and is not reproduced in this Amendment No. 1.

This Amendment No. 1 does not attempt to modify or update any other disclosures set forth in the Company's Form 10-K. Additionally, this Amendment No. 1 is as of the filing date of the Form 10-K and does not update or discuss any other Company developments subsequent to the date of the Form 10-K.

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## SIGNATURES

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.

September 16, 2009

TWIN DISC, INCORPORATED

By: /s/ MICHAEL E. BATTEN

Michael E. Batten  
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

September 16, 2009

By: /s/ MICHAEL E. BATTEN

Michael E. Batten  
Chairman, Chief Executive Officer and Director

September 16, 2009

By: /s/ JOHN H. BATTEN

John H. Batten  
President, Chief Operating Officer and Director

September 16, 2009

By: /s/ CHRISTOPHER J. EPERJESY

Christopher J. Eperjesy  
Vice President-Finance, Chief Financial Officer and Treasurer

September 16, 2009

By: /s/ JEFFREY S. KNUTSON

Jeffrey S. Knutson  
Corporate Controller (Chief Accounting Officer)

September 16, 2009

Michael Doar, Director

John A. Mellowes, Director

Malcolm F. Moore, Director

David B. Rayburn, Director

Harold M. Stratton II, Director

David R. Zimmer, Director

By: /s/ THOMAS E. VALENTYN

Thomas E. Valentyn  
General Counsel and Secretary (Attorney in Fact)

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CERTIFICATIONS

I, Michael E. Batten, certify that:

1. I have reviewed this Amendment No. 1 to the annual report on Form 10-K of Twin Disc, Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of this annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 16, 2009

/s/ MICHAEL E. BATTEN  
Michael E. Batten  
Chairman and Chief Executive Officer

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CERTIFICATIONS

I, Christopher J. Eperjesy, certify that:

1. I have reviewed this Amendment No. 1 to the annual report on Form 10-K of Twin Disc, Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of this annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - e) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - f) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 16, 2009

/s/ CHRISTOPHER J. EPERJESY

Christopher J. Eperjesy

Vice President – Finance, Chief Financial Officer and Treasurer

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EXHIBIT 32a

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Amendment No. 1 to the Annual Report of Twin Disc, Incorporated (the "Company") on Form 10-K for the fiscal year ending June 30, 2009, as filed with the Securities and Exchange Commission as of the date hereof (the "Report"), I, Michael E. Batten, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) the Report fully complies with Section 13(a) of the Securities Exchange Act of 1934, and
- (2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 16, 2009

/s/ MICHAEL E. BATTEN  
Michael E. Batten  
Chairman and Chief Executive Officer

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EXHIBIT 32a

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Amendment No. 1 to the Annual Report of Twin Disc, Incorporated (the "Company") on Form 10-K for the fiscal year ending June 30, 2009, as filed with the Securities and Exchange Commission as of the date hereof (the "Report"), I, Michael E. Batten, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) the Report fully complies with Section 13(a) of the Securities Exchange Act of 1934, and
- (2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 16, 2009

/s/ MICHAEL E. BATTEN  
Michael E. Batten  
Chairman and Chief Executive Officer

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February 19, 2009

Twin Disc, Incorporated  
1328 Racine Street  
Racine, Wisconsin 5340311208  
Attention: Mr. Christopher J. Eperjesy

**Re: Amendment No. 3 to Note Agreement**

Ladies and Gentlemen:

This letter amendment (this "**Letter**") makes reference to that certain Note Agreement, dated as of April 10, 2006 (as amended by Amendment No. 1 thereto dated March 1, 2007 and Amendment No. 2 thereto dated August 22, 2007, the "**Note Agreement**"), among The Prudential Insurance Company of America, Pruco Life Insurance Company, Pruco Life Insurance Company of New Jersey, Security Benefit Life Insurance Company, Inc., American Skandia Life Assurance Corporation, Mutual of Omaha Insurance Company (collectively, the "**Holder**s" and each, a "**Holder**") and Twin Disc, Incorporated, a Wisconsin corporation (the "**Company**"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Note Agreement, as amended hereby.

The Company has requested that the Holders amend the Note Agreement as set forth below. Subject to the terms and conditions hereof, the Holders are willing to agree to such requests.

Accordingly, and in accordance with the provisions of paragraph 11C of the Note Agreement, the parties hereto agree as follows:

**SECTION 1. Amendment.** Effective upon the Effective Date (as defined in Section 2 below), the Holders party hereto and the Company agree that Schedule 10B to the Note Agreement is amended by deleting the reference therein to "SGD800,000" under "Available Funds" for the Twin Disc (Far East) Ltd. credit facility with Standard Chartered Bank and replacing it with "\$1,500,000".

**SECTION 2. Effectiveness.** The amendment in Section 1 of this Letter shall become effective on the date (the "**Effective Date**") of receipt by each Holder party hereto of counterparts of this Letter executed by the Company and the Required Holders.

**SECTION 3. Representations and Warranties.** The Company represents and warrants to the Holders that, after giving effect hereto (a) each representation and warranty set forth in paragraph 8 of the Note Agreement is true and correct as of the date of the execution and delivery of this Letter by the Company with the same effect as if made on such date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they were true and correct as of such earlier date) and (b) no Event of Default or Default exists.

**SECTION 4. Reference to and Effect on Note Agreement.** Upon the effectiveness of the amendment made in this Letter, each reference to the Note Agreement in any other document, instrument or agreement shall mean and be a reference to the Note Agreement as modified by this Letter. Except as specifically set forth in Section 1 hereof, the Note Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. The Company hereby represents and warrants that all necessary or required consents to this Letter have been obtained and are in full force and effect. Except as specifically stated in Section 1 of this Letter, the execution, delivery and effectiveness of this Letter shall not (a) amend the Note Agreement or any Note, (b) operate as a waiver of any right, power or remedy of the holder of any Note, or (c) constitute a waiver of, or consent to any departure from, any provision of the Note Agreement or any Note at any time. The execution, delivery and effectiveness of this Letter shall not be construed as a course of dealing or other implication that any Holder has agreed to or is prepared to grant any amendments to the Note Agreement or any Note in the future, whether or not under similar circumstances.

**SECTION 5. Expenses.** The Company hereby confirms its obligations under the Note Agreement, whether or not the transactions hereby contemplated are consummated, to pay, promptly after request by any Holder, all reasonable out-of-pocket costs and expenses, including attorneys' fees and expenses, incurred by the Holders in connection with this Letter or the transactions contemplated hereby, in enforcing any rights under this Letter, or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Letter or the transactions contemplated hereby. The obligations of the Company under this Section 5 shall survive transfer by any Holder of any Note and payment of any Note.

**SECTION 6. Governing Law.** THIS LETTER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS OF SUCH STATE WHICH WOULD OTHERWISE CAUSE THIS LETTER TO BE CONSTRUED OR ENFORCED OTHER THAN IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

**SECTION 7. Counterparts; Section Titles.** This Letter may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Letter by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart of this Letter. The section titles contained in this Letter are and shall be without substance, meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

*[remainder of page intentionally left blank; signature page follows]*

Very truly yours,

**THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA**

By: \_\_\_\_\_

Vice President

**PRUCO LIFE INSURANCE COMPANY**

By: \_\_\_\_\_  
Vice President

**PRUCO LIFE INSURANCE COMPANY OF  
NEW JERSEY**

By: \_\_\_\_\_  
Vice President

**SECURITY BENEFIT LIFE INSURANCE  
COMPANY, INC.**

By: Prudential Private Placement Investors,  
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.  
(as its General Partner)

By: \_\_\_\_\_  
Vice President

**AMERICAN SKANDIA LIFE ASSURANCE  
CORPORATION**

By: Prudential Investment Management, Inc.,  
as investment manager

By: \_\_\_\_\_  
Vice President

**MUTUAL OF OMAHA INSURANCE  
COMPANY**

By: Prudential Private Placement Investors,  
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.  
(as its General Partner)

By: \_\_\_\_\_  
Vice President



THE LETTER IS AGREED TO

AND ACCEPTED BY:

**TWIN DISC, INCORPORATED**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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May 27, 2009

Twin Disc, Incorporated  
1328 Racine Street  
Racine, Wisconsin 5340311208  
Attention: Mr. Christopher J. Eperjesy

**Re: Amendment No. 4 to Note Agreement**

Ladies and Gentlemen:

This letter amendment (this "**Letter**") makes reference to that certain Note Agreement, dated as of April 10, 2006 (as amended by Amendment No. 1 thereto dated March 1, 2007, Amendment No. 2 thereto dated August 22, 2007 and Amendment No. 3 thereto dated February 19, 2009, the "**Note Agreement**"), among The Prudential Insurance Company of America, Pruco Life Insurance Company, Pruco Life Insurance Company of New Jersey, Security Benefit Life Insurance Company, Inc., American Skandia Life Assurance Corporation, Mutual of Omaha Insurance Company (collectively, the "**Holders**" and each, a "**Holder**") and Twin Disc, Incorporated, a Wisconsin corporation (the "**Company**"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Note Agreement, as amended hereby.

The Company has requested that the Holders amend the Note Agreement as set forth below. Subject to the terms and conditions hereof, the Holders are willing to agree to such requests.

Accordingly, and in accordance with the provisions of paragraph 11C of the Note Agreement, the parties hereto agree as follows:

**SECTION 1. Amendments.** Effective upon the Effective Date (as defined in Section 2 below), the Holders party hereto and the Company agree that the Note Agreement is amended as follows:

1.1 Clause (iii) of paragraph 5M of the Note Agreement is amended and restated as follows:

"(iii) Maximum Total Funded Debt to EBITDA Ratio. The Company and its consolidated Subsidiaries shall not permit the ratio of Total Funded Debt to EBITDA to exceed the following ratio as of the following dates, all as determined, in the case of Total Funded Debt, on the date of determination, and in the case of EBITDA, for the preceding four fiscal quarters of the Company and its consolidated Subsidiaries ending on the date of determination:

<u>Date of Determination</u>	<u>Maximum Ratio</u>
June 30, 2006 and at the end of each fiscal quarter thereafter through and including March 31, 2009	2.50 to 1.00
June 30, 2009 and at the end of each fiscal quarter thereafter	3.00 to 1.00"

1.2. A new paragraph 5O is added to the Note Agreement as follows:

**"5O. Excess Leverage Fee.** If the ratio of Total Funded Debt to EBITDA, determined, in the case of Total Funded Debt, on the date of determination, and in the case of EBITDA, for the preceding four fiscal quarters of the Company and its consolidated Subsidiaries ending on the date of determination, as of the end of any fiscal quarter ending on or after June 30, 2009 is greater than 2.50 to 1.00, then, in addition to the interest accruing on the Notes, the Company agrees to pay to each holder of a Note a fee (the "**Excess Leverage Fee**") on the daily average outstanding principal amount of such Note during such fiscal quarter at a rate per annum equal to 0.50%. The Excess Leverage Fee with respect to each Note for any fiscal quarter shall be calculated on the same basis as interest on such Note is calculated and shall be paid in arrears within forty-five (45) days of the end of such fiscal quarter. The payment of any Excess Leverage Fee shall not constitute a waiver of any Default or Event of Default. If for any reason the Company fails to deliver the financial statements required by paragraph 5D hereof for a fiscal quarter or fiscal year by the date the Excess Leverage Fee, if any, would be payable for such fiscal quarter, then, for the purposes of this paragraph 5O, the ratio of Total Funded Debt to EBITDA for such fiscal quarter or for the last fiscal quarter of such fiscal year, as the case may be, shall be deemed to be greater than 2.50 to 1.00."

1.3. Clause (c) of paragraph 7A of the Note Agreement is amended by replacing "(ii)" therein with "(i)".

1.4. A new definition of "Excess Leverage Fee" is added in alphabetical order to paragraph 10B of the Note Agreement as follows:

**"Excess Leverage Fee"** shall have the meaning given in paragraph 5O.

1.5. Clause (i) of the definition of "Notice Event of Default" in paragraph 10B of the Note Agreement is amended and restated in its entirety as follows:

"(i) The Company shall fail: (a) to pay when due any principal of any Note; (b) to pay when due any interest on, or Yield-Maintenance Amount with respect to, any Note or any fee (including without limitation any Excess Leverage Fee), expense or other amount due under this Agreement or any Note; or"

1.6. Paragraph 10C of the Note Agreement is amended by adding the following sentence to the end thereof:

"Notwithstanding the foregoing or any other provision of this Agreement providing for any amount to be determined in accordance with generally accepted accounting principles, for purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure an item of Indebtedness (other than contingent obligations of the type described in clause (iv) of the definition of Indebtedness) using fair value (as permitted by Statement of Financial Accounting Standards No. 159 or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made."

**SECTION 2. Effectiveness.** The amendments in Section 1 of this Letter shall become effective on the date (the "**Effective Date**") of satisfaction of the following:



(a) Receipt by each Holder party hereto of counterparts of this Letter executed by the Company and the Required Holders;

(b) Receipt by each Holder party hereto of a copy of an amendment under the Credit Agreement, amending the Credit Agreement consistent with the amendments set forth herein and otherwise in form and substance satisfactory to the Required Holders, duly executed by the Company and the Bank, and such amendment shall be in full force and effect; and

(c) All corporate and other proceedings in connection with the transactions contemplated by this Letter shall be satisfactory to the Required Holders, and each Holder party hereto shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request.

**SECTION 3. Representations and Warranties.** The Company represents and warrants to the Holders that, after giving effect hereto (a) each representation and warranty set forth in paragraph 8 of the Note Agreement is true and correct as of the date of the execution and delivery of this Letter by the Company with the same effect as if made on such date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they were true and correct as of such earlier date), (b) no Event of Default or Default exists and (c) neither the Company nor any of its Subsidiaries has paid or agreed to pay, and neither the Company nor any of its Subsidiaries will pay or agree to pay, any fees or other consideration to any Person in connection with the amendment referenced in Section 2(b) hereof.

**SECTION 4. Reference to and Effect on Note Agreement.** Upon the effectiveness of the amendments made in this Letter, each reference to the Note Agreement in any other document, instrument or agreement shall mean and be a reference to the Note Agreement as modified by this Letter. Except as specifically set forth in Section 1 hereof, the Note Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. The Company hereby represents and warrants that all necessary or required consents to this Letter have been obtained and are in full force and effect. Except as specifically stated in Section 1 of this Letter, the execution, delivery and effectiveness of this Letter shall not (a) amend the Note Agreement or any Note, (b) operate as a waiver of any right, power or remedy of the holder of any Note, or (c) constitute a waiver of, or consent to any departure from, any provision of the Note Agreement or any Note at any time. The execution, delivery and effectiveness of this Letter shall not be construed as a course of dealing or other implication that any Holder has agreed to or is prepared to grant any amendments to the Note Agreement or any Note in the future, whether or not under similar circumstances.

**SECTION 5. Expenses.** The Company hereby confirms its obligations under the Note Agreement, whether or not the transactions hereby contemplated are consummated, to pay, promptly after request by any Holder, all reasonable out-of-pocket costs and expenses, including attorneys' fees and expenses, incurred by the Holders in connection with this Letter or the transactions contemplated hereby, in enforcing any rights under this Letter, or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Letter or the transactions contemplated hereby. The obligations of the Company under this Section 5 shall survive transfer by any Holder of any Note and payment of any Note.

**SECTION 6. Governing Law.** THIS LETTER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS OF SUCH STATE WHICH WOULD OTHERWISE CAUSE THIS LETTER TO BE CONSTRUED OR ENFORCED OTHER THAN IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

**SECTION 7. Counterparts; Section Titles.** This Letter may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Letter by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart of this Letter. The section titles contained in this Letter are and shall be without substance, meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

*[remainder of page intentionally left blank; signature page follows]*

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Very truly yours,

**THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA**

By: \_\_\_\_\_

Vice President

**PRUCO LIFE INSURANCE COMPANY**

By: \_\_\_\_\_

Vice President

**PRUCO LIFE INSURANCE COMPANY OF  
NEW JERSEY**

By: \_\_\_\_\_

Vice President

**SECURITY BENEFIT LIFE INSURANCE  
COMPANY, INC.**

By: Prudential Private Placement Investors,  
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.  
(as its General Partner)

By: \_\_\_\_\_

Vice President

**AMERICAN SKANDIA LIFE ASSURANCE  
CORPORATION**

By: Prudential Investment Management, Inc.,  
as investment manager

By: \_\_\_\_\_

Vice President

**MUTUAL OF OMAHA INSURANCE  
COMPANY**

By: Prudential Private Placement Investors,  
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.  
(as its General Partner)

By: \_\_\_\_\_  
Vice President

Signature Page to  
Amendment No. 4

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THE LETTER IS AGREED TO

AND ACCEPTED BY:

**TWIN DISC, INCORPORATED**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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