

**UNITED STATES
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 1, 2009

THE TORO COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-8649
(Commission File Number)

41-0580470
(I.R.S. Employer Identification Number)

8111 Lyndale Avenue South
Bloomington, Minnesota
(Address of principal executive offices)

55420
(Zip Code)

Registrant's telephone number, including area code: **(952) 888-8801**

Not Applicable

(Former name or former address, if changed since last report.)

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))

Section 1 — Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement

As previously announced, on August 12, 2009, The Toro Company, a Delaware corporation ("Toro"), and TCF Inventory Finance, Inc., a Minnesota corporation and direct subsidiary of TCF National Bank ("TCFIF"), established a joint venture in the form of a Delaware limited liability company named Red Iron Acceptance, LLC ("Red Iron") to provide inventory financing, including floor plan financing and open account financing, to distributors and dealers of products of Toro and certain of its affiliates ("Toro Products") in the United States and to select distributors of Toro Products in Canada. In addition, in connection with the joint venture, TCFIF will implement a program to provide inventory financing to dealers of Toro Products in Canada.

In connection with the joint venture, on October 1, 2009, Toro's wholly-owned subsidiary, Toro Credit Company, a Minnesota corporation ("TCC"), as seller, and Toro entered into a Receivable Purchase Agreement with Red Iron, as buyer, pursuant to which TCC sold to Red Iron and Red Iron purchased from TCC all of TCC's right, title and interest in and to certain floor plan receivables (the "Receivables"), from distributors and dealers of Toro Products, and certain related assets, including security interests, financing agreements and books and records relating to the Receivables. The aggregate purchase price for the Receivables was approximately \$69.9 million, which represents the face value of, or the purchase price paid for, the Receivables by TCC. Upon completion of the sale and receipt of cash from Red Iron for the Receivables purchased, Toro removed the Receivables from its books, other than the Receivables subject to the Recourse Obligation (as defined below). The Receivable Purchase Agreement contains customary representations, warranties and other agreements by the parties.

Also in connection with the joint venture and the execution of the Receivable Purchase Agreement, on October 1, 2009, Toro entered into a Repurchase Agreement with Red Iron, pursuant to which Toro agrees to certain repurchase obligations with respect to certain Toro Products that are covered by invoices from Toro to its dealers and distributors and are repossessed by Red Iron, up to a maximum amount of \$7.5 million per calendar year.

In both the Receivable Purchase Agreement and the Repurchase Agreement, TCC and Toro have agreed to certain recourse obligations (the "Recourse Obligation"), which are not subject to the \$7.5 million maximum set forth in the Repurchase Agreement, including with respect to certain Receivables of accounts debtors for which Red Iron's credit underwriting process has not yet been completed, in the current aggregate amount of approximately \$10 million, and for which TCC and Toro will no longer have the Recourse Obligation if such account debtor is ultimately approved by Red Iron under its credit underwriting process for financing without recourse.

The foregoing descriptions of the Receivable Purchase Agreement and the Repurchase Agreement are summaries of the material terms of such agreements, do not purport to be complete and are qualified in their entirety by reference to the complete text of such agreements, copies of which are filed as Exhibits 2.1 and 2.2, respectively, to this Current Report on Form 8-K, and each is incorporated herein by reference.

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Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
2.1	Receivable Purchase Agreement, by and among Toro Credit Company, as Seller, The Toro Company, and Red Iron Acceptance, LLC, as Buyer (Filed herewith)*
2.2	Repurchase Agreement effective as of October 1, 2009, by and between The Toro Company and Red Iron Acceptance, LLC (Filed herewith)*

* All exhibits and schedules to this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Toro will furnish the omitted exhibits and schedules to the Securities and Exchange Commission upon request by the Securities and Exchange Commission.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE TORO COMPANY
(Registrant)

Date: October 5, 2009

By /s/ Stephen P. Wolfe
Stephen P. Wolfe
Vice President, Finance and Chief Financial Officer

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THE TORO COMPANY
CURRENT REPORT ON FORM 8-K
EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>	<u>Method of Filing</u>
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* All exhibits and schedules to this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Toro will furnish the omitted exhibits and schedules to the Securities and Exchange Commission upon request by the Securities and Exchange Commission.

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RECEIVABLE PURCHASE AGREEMENT

BY AND AMONG

TORO CREDIT COMPANY,

AS SELLER,

AND

THE TORO COMPANY,

AND

RED IRON ACCEPTANCE, LLC

AS BUYER

DATED AS OF OCTOBER 1, 2009

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RECEIVABLE PURCHASE AGREEMENT

This RECEIVABLE PURCHASE AGREEMENT, dated as of October 1, 2009 (this "Agreement"), is entered into by and between TORO CREDIT COMPANY, a Minnesota corporation ("Seller"), THE TORO COMPANY, a Delaware corporation ("Toro"), and RED IRON ACCEPTANCE, LLC, a Delaware limited liability company ("Buyer").

In consideration of the premises and the mutual covenants hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions.

“Account Debtor” means an obligor on a Receivable.

“Additional Receivables” means those Receivables described on Schedule 2 that Buyer has agreed to purchase notwithstanding that such Receivables are not Eligible Receivables.

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For purposes of this definition, “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Aggregate Repurchase Amount” means, for any repurchase of an Ineligible Receivable pursuant to Section 4.1(d), the Purchase Price paid for such Ineligible Receivable, less any Principal Collections received by Buyer in respect of such Ineligible Receivable from the Closing Date.

“Agreement” is defined in the preamble.

“Authorized Officer” means (a) with respect to Toro, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, the General Counsel, the Secretary, the Treasurer, the Corporate Controller and each other officer or employee of Toro specifically authorized in resolutions of the Board of Directors of such corporation to sign agreements, instruments or other documents on behalf of such corporation in connection with the transactions contemplated by this Agreement and the Related Documents; (b) with respect to Seller, the President, the Secretary, the Treasurer and each other officer or employee of Seller specifically authorized in resolutions of the Board of Directors of such corporation to sign agreements, instruments or other documents on behalf of such corporation in connection with the transactions contemplated by this Agreement and the Related Documents; and (c) with respect to Buyer, its General Manager.

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in either Minneapolis, Minnesota or Chicago, Illinois.

“Buyer” is defined in the preamble.

“Closing Date” means October 1, 2009.

“Collateral Security” means, with respect to any Receivable, (i) any security interest, granted by or on behalf of the related Account Debtor with respect thereto, including a security interest in the related Products or assets, (ii) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the agreement giving rise to such Receivable or otherwise, together with all financing statements filed against an Account Debtor describing any collateral securing such Receivable, (iii) all guarantees, insurance and other agreements (including Financing Agreements and subordination agreements with other lenders) or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the agreement giving rise to such Receivable or otherwise, and (iv) all Records in respect of such Receivable.

“Collections” means, without duplication, all payments by or on behalf of Account Debtors received in respect of the Receivables (including insurance proceeds and proceeds from the realization upon any Collateral Security) in the form of cash, checks, wire transfers or any other form of payment.

“Cure Period” is defined in Section 4.1(c).

“Debtor Relief Laws” means Title 11 of the United States Code and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, readjustment of debt, marshalling of assets or similar debtor relief laws of the United States, any state or any foreign country from time to time in effect, affecting the rights of creditors generally.

“Eligible Receivable” means a Receivable:

(a) that was created pursuant to genuine and bona fide transactions in the ordinary course of Seller’s and Toro’s business and in compliance with all applicable Requirements of Law, other than those Requirements of Law the failure with which to comply could not reasonably be expected to have a material adverse effect on Buyer or any assigns, and pursuant to a Financing Agreement that complies with all applicable Requirements of Law, other than those Requirements of Law the failure with which to comply could not reasonably be expected to have a material adverse effect on Buyer or any of its creditors or assigns;

(b) with respect to which all consents, licenses, approvals or authorizations of, or registrations with, any Governmental Authority required to be obtained or made by Seller or Toro in connection with the creation of such Receivable or the execution, delivery and performance by Seller of the related Financing Agreement, have been duly obtained or made and are in full force and effect as of the date of creation of such Receivable, but failure to comply with this clause (b) shall not cause a Receivable not to

be an Eligible Receivable if, and to the extent that, the failure to so obtain or make any such consent, license, approval, authorization or registration could not reasonably be expected to have a material adverse effect on Buyer or its assigns;

- (c) that is not the subject of any Litigation that is pending or has been threatened in writing;
- (d) as to which, at the time of its transfer to Buyer, Seller will have good and marketable title free and clear of all Liens (other than Permitted Encumbrances);
- (e) that is freely assignable and is the subject of a valid transfer and assignment from Seller to Buyer of all of Seller's right, title and interest therein;
- (f) that at and after the time of transfer to Buyer is, and the Financing Agreement with respect thereto is, the legal, valid and binding payment obligation of the Account Debtor thereof, legally enforceable against such Account Debtor in accordance with its terms, except as enforceability may be limited by applicable Debtor Relief Laws, and by general principles of equity (whether considered in a suit at law or in equity);
- (g) that constitutes an "account", "chattel paper" or "general intangible" within the meaning of UCC Section 9-102;
- (h) as to which, at the time of its transfer to Buyer, neither Seller nor Toro has not taken any action which, or failed to take any action the omission of which, would, at the time of transfer to Buyer, impair Buyer's rights therein;
- (i) the obligations with respect to which, at the time of its transfer to Buyer, have not been waived or modified except as permitted by this Agreement;
- (j) that, at the time of its transfer to Buyer, except as contemplated by Section 4.2(c), is not subject to any right of rescission, setoff, counterclaim or any other defense of an Account Debtor (including the defense of usury), other than defenses arising out of Debtor Relief Laws and except as the enforceability of such Receivable may be limited by general principles of equity (whether considered in a suit at law or equity);
- (k) which, at the time of transfer to Buyer is secured by, inter alia, a first priority perfected security interest (whether by prior filing, purchase money security interest, subordination agreement from prior filers or otherwise) in any related Product other than with respect to Receivables due on an unsecured open account basis from Account Debtors in an aggregate amount not to exceed \$4,000,000 whether acquired by Buyer under the terms of this Agreement or any other agreement with Seller, Toro or their Affiliates; provided, that with respect to Receivables relating to extended service contracts, such Receivables shall only be "Eligible Receivables" within the scope of this clause (k) to the extent Seller, Toro or their Affiliates has provided recourse or other credit support upon such terms as Seller, Toro and Buyer shall agree prior to transfer;

provided, however, that a Receivable shall not be an "Eligible Receivable":

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- (l) if it is an open account receivable that is due or unpaid more than ninety (90) days after the original due date unless such past due or unpaid amount is the subject of a bona fide dispute or represents less than five percent (5%) of the original invoice amount for such Receivable;
- (m) if it is a floor plan receivable (x) that is related to a Product that has been sold out of trust for more than ninety (90) days, (y) as to which charges or fees are more than ninety (90) days past due (in which case, neither such charges or fees nor the related receivable(s) shall be an Eligible Receivable) or (z) as to which a scheduled payment is more than ninety (90) days past due;
- (n) if the Account Debtor that is obligated on such Receivable shall have (i) applied for, suffered, or consented to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property; (ii) admitted in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (iii) made a general assignment for the benefit of creditors, (iv) suffered a Bankruptcy Event; or (v) taken any action for the purpose of effecting any of the foregoing;
- (o) if the sale to the Account Debtor that is obligated on such Receivable is outside the United States or Canada;
- (p) if it is subject to any claim of offset (unless Seller has received a letter from the applicable Account Debtor in form and substance satisfactory to Buyer indicating that such Account Debtor shall not exercise its right of offset), deduction, defense, dispute, or counterclaim, or is owed by an Account Debtor that is also a supplier of Seller (but only to the extent of Seller's obligations to such Account Debtor from time to time) or the Receivable is contingent in any respect for any reason;
- (q) if any return, rejection or repossession of the Product to which the Receivable relates has occurred and is not reflected in the determination of the Outstanding Balance of such Receivable; or
- (r) if such Receivable is not payable to Seller or one of its Affiliates.

"Financing Agreement" means any agreement entered into between Seller and an Account Debtor in order to finance Products purchased by such Account Debtor.

"GAAP" means generally accepted accounting principles as in effect in the United States of America from time to time, consistently applied.

"Governmental Authority" means any domestic or foreign national, state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Ineligible Receivable" is defined in Section 4.1(c).

“Insurance Proceeds” with respect to Collateral Security means any amounts received pursuant to any policy of insurance related thereto which are required to be paid to Seller with respect thereto.

“Joint Venture Agreement” means that certain Agreement to Form Joint Venture dated as of August 12, 2009 by and between Toro and TCFIF.

“Knowledge” with respect to Seller or Toro means the actual knowledge of an Authorized Officer of Seller or Toro, as appropriate.

“Lien” means, with respect to any property, any security interest, mortgage, pledge, lien, claim, charge or other encumbrance in, of, or on such property or the income therefrom, including the interest of a vendor or lessor under a conditional sale agreement, capital lease or other title retention agreement, or any agreement to provide any of the foregoing, and the filing of any financing statement or similar instrument under the UCC or comparable law of any jurisdiction.

“Litigation” means, with respect to any Person, any action, claim, lawsuit, demand, investigation or proceeding pending or threatened in writing against such Person before any court, board, commission, agency or instrumentality of any Governmental Authority or before any arbitrator or panel of arbitrators.

“LLC Agreement” means that certain Limited Liability Company Agreement dated as of August 12, 2009 by and between TCFIF Joint Venture I, LLC, a Minnesota limited liability company, and Red Iron Holding Corporation, a Delaware corporation.

“Material Adverse Effect” means a material adverse effect on (a) the ability of Seller or Toro to perform any of its obligations under this Agreement in accordance with the terms hereof, or (b) the Transferred Receivables (including the collectability of the Transferred Receivables other than those Transferred Receivables that are Additional Receivables due to the application of clause (m) of the definition of “Eligible Receivable” (and then only to the extent that the application of such clause is expressly set forth in Schedule 2 as the reason for such Additional Receivables being identified on Schedule 2) and those Transferred Receivables of Account Debtors set forth on Schedule 2(a)), and any Collateral Security).

“Officer’s Certificate” means, with respect to any Person, a certificate signed by an Authorized Officer of such Person.

“Outstanding Balance” means, with respect to any Receivable, the amount of such Receivable at the time of determination reduced by any credit issued by Seller or Toro as contemplated by Section 4.2(c).

“Permitted Encumbrances” means the following: (a) Liens for taxes or assessments or other governmental charges not yet due and payable; (b) inchoate and unperfected workers’, mechanics’, suppliers’ or similar Liens arising in the ordinary course of business; (c) presently existing or hereinafter created Liens in favor of, or created by, Buyer; (d) any Lien created or permitted by any agreement between Buyer and Seller; (e) any security interests in assets that are

subordinate to the security interests securing the related Receivables; and (f) Liens in favor of Seller that are assigned to Buyer in accordance with the terms of this Agreement.

“Person” means and includes an individual, a partnership, a corporation (including a business trust), a limited liability company, a joint stock company, an unincorporated association, a joint venture, a trust, a Governmental Authority or other entity.

“Principal Collections” means Collections other than Collections of interest and all other non-principal charges (including insurance service fees and handling fees) on the Receivables.

“Products” means the commercial, consumer goods, parts and accessories manufactured or distributed by Toro or one of its Affiliates.

“Purchase Price” is defined in Section 2.3.

“Receivable” means all amounts payable (including interest, finance charges and other charges), and the obligation to pay such amounts, by the related Account Debtor from time to time in connection with extensions of credit made by Seller to Account Debtors in order to finance Products and services purchased by Account Debtors from Seller or Toro, together with the group of writings evidencing such amounts and any related Collateral Security and all of the rights, remedies, powers and privileges thereunder (including under any related Financing Agreement).

“Records” means, with respect to any Receivable, all Financing Agreements and other documents, books, records and other information (including tapes, disks and related property and rights) relating to such Receivable and the related Account Debtor.

“Recourse Obligation” is defined in Section 2.4.

“Related Documents” means any documents or instruments evidencing Collateral Security.

“Repurchase Agreement” is defined in Section 4.2(f).

“Requirements of Law” means, as to any Person, (a) the articles or certificate of incorporation or organization, bylaws, operating agreement, limited liability company agreement, partnership agreement or other organizational or governing documents of such Person, (b) any law, treaty, rule or regulation applicable to such Person, (c) any license, permit, approval or other authorization granted by any Governmental Authority to or for the benefit of such Person and (d) any judgment, decision or determination of any Governmental Authority or arbitrator, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Seller” is defined in the preamble.

“TCFIF” means TCF Inventory Finance, Inc., a Minnesota corporation.

“Toro” is defined in the preamble.

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“Transferred Assets” is defined in Section 2.1(a).

“Transferred Receivables” means the Receivables described on Schedules 1, 2 and 2(a) attached hereto. However, Receivables that are repurchased by Seller or Toro pursuant to this Agreement shall cease to be considered “Transferred Receivables” from the date of such repurchase.

“UCC” means, with respect to any jurisdiction, the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in such jurisdiction.

“United States” means the United States of America, together with its territories and possessions.

1.2 Other Interpretive Matters. All terms defined directly or by incorporation in this Agreement shall have the defined meanings when used in any certificate or other document delivered pursuant thereto unless otherwise defined therein. For purposes of this Agreement and all related certificates and other documents, unless the context otherwise requires: (a) accounting terms not otherwise defined in this Agreement, and accounting terms partly defined in this Agreement to the extent not defined, shall have the respective meanings given to them under GAAP; (b) unless otherwise provided, references to any month, quarter or year refer to a calendar month, quarter or year; (c) terms defined in Article 9 of the UCC as in effect in the applicable jurisdiction and not otherwise defined in this Agreement are used as defined in that Article; (d) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (e) the words “hereof,” “herein” and “hereunder” and words of similar import refer to this Agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of this Agreement (or such certificate or document); (f) references to any Section, Schedule or Exhibit are references to Sections, Schedules and Exhibits in or to this Agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (g) the words “include” or “including” shall not be construed to be limiting or exclusive; (h) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (i) references to any agreement refer to that agreement as from time to time amended, restated or supplemented or as the terms of such agreement are waived or modified in accordance with its terms; (j) references to any Person include that Person’s successors and permitted assigns and (k) the term “or” has the meaning represented by the phrase “and/or.”

ARTICLE II SALE

2.1 Sale.

(a) Seller does hereby transfer, assign, set over and otherwise convey to Buyer, without recourse except as provided herein, all its right, title and interest (and Seller hereby agrees to cause each of its Affiliates, if applicable, to transfer, assign, set over and otherwise convey to Buyer, without recourse except as provided herein, all of

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their respective right, title and interest) in, to and under, the following (the “Transferred Assets”):

- (i) the Seller’s Transferred Receivables;
- (ii) the Collateral Security with respect to all Transferred Receivables transferred pursuant to clause (i), together with all monies due or to become due and all amounts received or receivable with respect thereto and Insurance Proceeds relating thereto;
- (iii) without limiting the generality of the foregoing or the following, all of Seller’s rights to receive payments from any Account Debtor in respect of such Transferred Receivables;
- (iv) all proceeds of all of the foregoing; and
- (v) all reports, data, notes, Account Debtor lists and files and other books and records of Seller that relate exclusively to, or are used exclusively in connection with, any of the foregoing.

The foregoing does not constitute and is not intended to result in the creation or assumption by Buyer of any obligation of Seller or any other Person in connection with the Transferred Receivables or under any agreement or instrument relating thereto, including any obligation under the Financing Agreements or any other obligation to any Account Debtor. The foregoing conveyance shall be effective as of 12:01 AM Central Time on the Closing Date, as to all Transferred Assets then existing (it being understood and agreed that, in the case of clause (iv), the Collections transferred to Buyer shall include all Collections from and including the Closing Date

(b) The parties acknowledge that the information set forth on Schedules 1, 2 and 2(a) has been prepared based on information available to Seller as of September 25, 2009. Promptly following the Closing Date and in any event by no later than October 5, 2009, Seller shall prepare for attachment to this Agreement, revised Schedules 1, 2 and 2(a), in form and substance reasonably acceptable to Buyer, describing in detail the Transferred Receivables as of the Closing Date, which revised Schedules 1, 2 and 2(a) shall replace and supersede the corresponding schedules originally attached hereto.

(c) Notwithstanding anything herein to the contrary, a Receivable shall not be a "Transferred Receivable" if the sale to the Account Debtor that is obligated on such Receivable is in the state of New York.

(d) Seller shall irrevocably instruct all Account Debtors under the Transferred Receivables to make all payments on account thereof on and after the Closing Date to Buyer.

(e) Any Collections received by Seller or Toro on or after the Closing Date with respect to the Transferred Receivables shall be deemed held by Seller or Toro in

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trust and as fiduciary for Buyer. Seller and Toro shall pay the same over to Buyer forthwith upon receipt.

(f) Buyer is hereby authorized and empowered (which authorization and power, being coupled with an interest, is irrevocable unless and until a Transferred Receivable is repurchased by Seller or Toro pursuant to the terms of this Agreement):

(i) to request confirmation from any Account Debtor or party obligated under or with respect to any Transferred Receivable of the amount shown by the Transferred Receivable to be payable, or any other matter stated therein;

(ii) to endorse in Seller's name and to collect, any chattel paper, checks, notes, drafts, instruments or other items of payment tendered to or received by Buyer in payment of any Transferred Receivable;

(iii) to notify any Account Debtor or other Person obligated under or in respect of any Transferred Receivable of the sale thereof to Buyer;

(iv) to direct any Account Debtor or other Person obligated under or in respect of any Transferred Receivable to make payment directly to Buyer of any amounts due or to become due thereunder or with respect thereto.

2.2 Acceptance by Buyer. Buyer hereby acknowledges its acceptance of all right, title and interest to the property, now existing and hereafter created, conveyed to Buyer pursuant to Section 2.1.

2.3 Purchase Price. Buyer shall pay a purchase price to Seller equal to the sum of (i) for the Transferred Receivables from Seller that are Eligible Receivables and the other Transferred Assets related thereto, the Outstanding Balance of such Transferred Receivables, and (ii) for the Transferred Receivables from Seller that are Additional Receivables and the other Transferred Assets related thereto, the purchase price for such Additional Receivables set forth in Schedule 2 (in each case, the "Purchase Price"). The Purchase Price shall be paid on an estimated basis determined from Schedule 1 originally attached to this Agreement in the amount of Sixty-Eight Million Four Hundred Thousand Eight Hundred Seventy-Five and 94/100 Dollars (\$68,400,875.94) in immediately available funds by wire transfer on the Closing Date. Following completion and attachment to this Agreement of revised Schedules 1, 2 and 2(a) as contemplated by Section 2.1(b), the final Purchase Price shall be determined from such revised Schedules, and Purchaser or Seller, as appropriate, shall on the following Business Day pay to the Purchaser or Seller in immediately available funds by wire transfer, the amount by which the final Purchase Price is less than (payment due to Purchaser) or greater than (payment due to Seller) the estimated Purchase Price paid to Seller on the Closing Date. No interest shall be payable with respect to any amount paid pursuant to the preceding sentence.

2.4 Additional Receivables. Set forth on Schedule 2 is the reason each Additional Receivable fails to qualify as an Eligible Receivable. Warranties contained herein generally applicable to Receivables that are in direct conflict with such reasons shall not apply to an Additional Receivable to the extent of the reason expressly set forth in Schedule 2 for such

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Additional Receivable. Set forth on Schedule 2(a) are those Account Debtors for which Buyer's credit underwriting process has not yet been completed and, for purposes of this Section 2.4, the term "Additional Receivables" shall include the Transferred Receivables of such Account Debtors. If an Account Debtor shall default in the payment of any Additional Receivable set forth on Schedule 2 and Schedule 2(a), then, after the expiration of any cure period applicable to such Additional Receivable and upon demand by Buyer which shall set forth in reasonable detail the nature of such default, Seller, or Toro on Seller's behalf, shall repurchase such Additional Receivable from Buyer as provided in Sections 4.1(d) and 4.1(e) of this Agreement as if such Additional Receivable were an Ineligible Receivable (such repurchase obligation being referred to herein as the "Recourse Obligation"). Buyer's rights under this Section 2.4 with regard to Additional Receivables are in lieu of Buyer's rights under the provisions of Section 4.2(f) of this Agreement and are not subject to the limitation set forth in Section 4.2(f). Notwithstanding the foregoing, if Buyer notifies Seller or its designee, as a result of Buyer's own determination or in response to a request from Seller or Seller's designee, that due to changed circumstances any Additional Receivable or any group of Additional Receivables attributable to a single Account Debtor (including those Account Debtors listed by name on Schedule 2(a)) sold to Buyer pursuant to this Agreement is no longer subject to any condition requiring that it or they be treated as Additional Receivable(s) such that it or they would qualify as Eligible Receivables, the subject Receivable(s) shall thereafter be considered as Eligible Receivable(s) and Seller and Toro shall no longer be subject to the Recourse Obligation with respect thereto, it being understood that Section 4.2(f) and all other provisions of this Agreement applicable to Eligible Receivables shall thereafter apply to such Eligible Receivables. Buyer agrees to respond to any request from Seller or Seller's designee made pursuant to the preceding sentence, which request shall specify with reasonable detail the basis for such request, indicating Buyer's acceptance of such request or rejection of such request and, to the extent applicable, the reason for such rejection, in writing within five (5) Business Days after Buyer's receipt of such request from Seller or Seller's designee. At such time as all Additional Receivables due from any of the Account Debtors listed on Schedule 2(a) attached hereto are determined in accordance with the foregoing procedure to be Eligible Receivables, such Schedule 2(a) shall be amended to delete the reference to such Account Debtor. In addition at any time one or more Additional Receivables are determined to be Eligible Receivables in accordance with the foregoing procedure, each of the parties hereto agrees to execute and deliver any documents or instruments reasonably requested by a party hereto to confirm that all such Receivables shall be treated thereafter as if they had been transferred and conveyed to Buyer without the recourse specified in this Section 2.4.

3.1 Conditions to Transfer. The sale by Seller hereunder shall be subject to satisfaction of each of the following conditions precedent (any one or more of which may be waived in writing by Buyer) as of the Closing Date:

(a) Documents. This Agreement or counterparts hereof shall have been duly executed by, and delivered to, Seller, Toro and Buyer, and Buyer shall have received such documents, instruments and agreements as Buyer shall reasonably request in connection with the transactions contemplated by this Agreement, each in form and substance reasonably satisfactory to Buyer.

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(b) Governmental Approvals. Buyer shall have received satisfactory evidence that Seller and Toro have obtained all consents and approvals of all Persons, including all requisite Governmental Authorities, if any, required for Seller and Toro to execute, deliver and perform their obligations under this Agreement and to consummate the transactions contemplated hereby.

(c) Compliance with Laws. Seller and Toro shall be in compliance with all applicable foreign, federal, state and local laws and regulations, except to the extent that the failure to so comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(d) Other Agreements. The Joint Venture Agreement and the LLC Agreement shall have been executed and delivered and the same shall be in full force and effect.

(e) Representations and Warranties. The representations and warranties of Seller and Toro contained herein shall be true and correct in all material respects as of the Closing Date, both before and after giving effect to such sale.

(f) Covenants. Seller and Toro shall be in compliance in all material respects with each of their covenants and other agreements set forth herein.

ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties of Seller and Toro.

(a) To induce Buyer to accept the Transferred Assets, Seller and Toro, jointly and severally, make the following representations and warranties to Buyer, as of the Closing Date:

(i) Valid Existence; Power and Authority. Each of Seller and Toro (1) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (2) is duly qualified to conduct business and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification and where the failure to be so qualified or in good standing could not reasonably be expected to have a Material Adverse Effect; (3) has all requisite power and authority to execute, deliver and perform its obligations under this Agreement; and (4) is able to perform its obligations under this Agreement.

(ii) Authorization of Transaction; No Violation. The execution, delivery and performance by Seller and Toro of this Agreement and the Related Documents to which each is a party and, without limiting the foregoing, the creation of all ownership interests provided for herein: (1) have been duly authorized by all necessary action on the part of Seller or Toro, and (2) do not violate any provision of any law or regulation of any Governmental Authority, or contractual or other restrictions binding on Seller or Toro, except where such

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violations, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(iii) Enforceability. Each of Seller and Toro is in compliance with all material provisions of this Agreement and any Related Documents to which Seller or Toro is a party. This Agreement and any Related Documents to which Seller or Toro is a party have been duly executed and delivered by Seller or Toro and constitute legal, valid and binding obligations of Seller or Toro enforceable against it in accordance with their terms.

(iv) No Proceedings. There are no proceedings or, to the best Knowledge of Seller or Toro, investigations, pending or threatened in writing against Seller or Toro, before any Governmental Authority (i) asserting the invalidity of this Agreement, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, (iii) seeking any determination or ruling that, in the reasonable judgment of Seller or Toro, could reasonably be expected to materially and adversely affect the performance by Seller or Toro of its obligations under this Agreement or (iv) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the validity or enforceability of this Agreement.

(v) Accuracy of Certain Information. All written factual information heretofore furnished by Seller or Toro to Buyer with respect to the Transferred Receivables for the purposes of, or in connection with, this Agreement was true and correct in all material respects on the date as of which such information was stated or certified.

(vi) Transferred Receivables. With respect to each Transferred Receivable, Seller and Toro represent and warrant that as of the Closing Date:

(1) each Transferred Receivable satisfies the criteria for an Eligible Receivable as of the Closing Date, except, with respect to an Additional Receivable, to the extent expressly set forth in Schedule 2 for such Additional Receivable; and

(2) all authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by Seller in connection with the conveyance by Seller of such Transferred Receivable to Buyer have been duly obtained, effected or given and are in full force and effect.

(vii) Products. All Products relating to Transferred Receivables are of merchantable quality and are in conformance with the terms and conditions of any applicable Financing Agreement. The original price paid by the Account Debtor for the Products does not include any amount in respect of other goods or services provided by Seller or Toro to the Account Debtor, other than for any delivery charges.

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(viii) Perfection. Seller or Toro has caused the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect any security interest granted by any Account Debtor in property securing the related Receivables.

(ix) Priority. Other than the ownership interests transferred to Buyer pursuant to this Agreement, neither Seller nor Toro has pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Transferred Assets except as permitted by this Agreement. Neither Seller nor Toro has authorized the filing of and neither Seller nor Toro is aware of any financing statements against Seller or Toro that include a description of collateral covering the Transferred Assets other than any financing statement that has been terminated. None of the chattel paper that constitutes or evidences the Receivables has any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than Buyer. Neither Seller nor Toro is aware of any judgment lien in excess of \$100,000 that is final, binding and not subject to appeal or ERISA lien or tax lien filings against it.

(x) Performance. Each of Seller and Toro has performed or, to the extent applicable, will timely perform, all of its material obligations relating to the Transferred Receivables and, in particular and without limitation, all Products have been delivered to the Account Debtor as are due and required with respect to the Outstanding Balance of the Transferred Receivable.

(xi) Account Debtor Performance. No amounts due with respect to the Transferred Receivables have been paid in advance. No Account Debtor is in breach or default under any Financing Agreement.

(xii) Financing Agreements. The Financing Agreement and any other documents provided to Buyer in connection with a Transferred Receivable (A) constitute the entire agreement between Seller and the Account Debtor in relation to the financing of Products underlying such Transferred Receivable; (B) represent the legal, valid, binding and enforceable obligation of Seller and the Account Debtor; (C) comply with all applicable Requirements of Law and other requirements for their validity and enforceability; and (D) represent a final sale.

(b) Upon discovery by Seller, Toro or Buyer of a breach of any of the representations and warranties by Seller or Toro set forth in this Section 4.1, the party discovering such breach shall give prompt written notice to the others. Seller and Toro, jointly and severally, agree to undertake forthwith to cure any such breach and diligently prosecute such cure to completion.

(c) If (i) any representation or warranty of Seller or Toro contained in Section 4.1(a) is not true and correct in any material respect as of the date specified therein with respect to any Transferred Receivable and as a result of such breach Buyer's interest in such Transferred Receivable is materially and adversely affected, including if Buyer's rights in, to or under such Transferred Receivables or the proceeds of such Transferred

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Receivables are impaired or such proceeds are not available for any reason to Buyer free and clear of any Lien other than Permitted Encumbrances, unless cured within thirty (30) days after the earlier to occur of the discovery thereof by Seller or Toro or receipt by Seller or Toro of notice thereof given by Buyer (in either case, the "Cure Period") or (ii) any Transferred Receivable other than an Additional Receivable was not an Eligible Receivable on the Closing Date or any Transferred Receivable identified as an Additional Receivable does not meet any requirement for an Eligible Receivable other than those expressly identified on Schedule 2 with respect to such Additional Receivable, then such Transferred Receivable shall be designated an "Ineligible Receivable;" provided, that any such Transferred Receivable that becomes an Ineligible Receivable under clause (i) will not be deemed to be an Ineligible Receivable but will be deemed an Eligible Receivable or a qualifying Additional Receivable if on any day prior to the end of the Cure Period, (i) the relevant representation and warranty shall be true and correct in all material respects as if made on such day and (ii) Seller or Toro, as appropriate, shall have delivered an Officer's Certificate describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct.

(d) Seller, or Toro on Seller's behalf, shall repurchase such Ineligible Receivable (as to which the Cure Period has expired, as applicable) from Buyer as provided below, which repurchase, subject to Seller's performance thereof, shall be Buyer's sole and exclusive remedy for a breach of Sections 4.1(a), 4.2(a), 4.2(b), 4.3(a), or 4.3(c) as to individual Transferred Receivables. In connection with such repurchase, Seller or Toro, as appropriate, shall pay to Buyer in immediately available funds not later than five (5) Business Days after Seller's receipt from Buyer of notice of such Ineligible Receivable's ineligibility, in payment for such repurchase, an amount equal to the Aggregate Repurchase Amount. The payment of such deposit amount in immediately available funds shall otherwise be considered payment in full of all of such Transferred Receivables. Toro's obligation to repurchase an Ineligible Receivable hereunder is joint and several with that of Seller.

(e) Upon the payment, if any, required to be made to Buyer as provided in Section 4.1(d), Buyer shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to Seller or its designee, without recourse, representation or warranty, except as set forth in the following sentence, all the right, title and interest of Buyer in and to the applicable Ineligible Receivables, all moneys due or to become due and all Collateral Security with respect thereto and all amounts received with respect thereto and all proceeds thereof. Such transfer shall be free and clear of any Liens created by or through Buyer. Any collections received by Buyer with respect to any Ineligible Receivables transferred to Seller or its designee, as well as any amounts received by Buyer from an Account Debtor at any time which do not constitute

Collections, shall be deemed held by Buyer in trust and as fiduciary for Seller or its designee and Buyer shall pay the same over to Seller or its designee forthwith upon receipt. Buyer will irrevocably instruct all Account Debtors with respect to such Ineligible Receivables to make all payments on account thereof after such assignment to Seller or its designee. Buyer shall execute such documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by Seller or its designee to effect the conveyance of such Ineligible Receivables pursuant to this Section.

(f) Notwithstanding any other provision of this Agreement or any Related Document, the representations contained in Section 4.1(a) shall be continuing and remain in full force and effect.

4.2 Covenants of Seller and Toro.

(a) Product Warranties. All Products underlying the Transferred Receivables shall be subject to applicable product warranties of Toro and Toro agrees to perform, or cause to be performed, all repairs, modifications and/or other acts required by Toro pursuant to the product warranties. All expenses of performance by Toro under this Section 4.2(a) shall be paid by Toro. If Toro does not perform, or cause to be performed, any act required by Toro pursuant to such product warranties on any Product underlying a Transferred Receivable or pay the expenses therefor within a reasonable time after demand therefor, such Transferred Receivable shall become an "Ineligible Receivable," immediately subject to the repurchase obligations set forth under Section 4.1(d), without giving effect to the Cure Period.

(b) Returns. If Seller or Toro accepts the return from any Account Debtor of any Product covered by any Transferred Receivable, voluntarily or otherwise, whether or not any substitution is made for such returned Product, Seller or Toro, as appropriate, will pay to Buyer the Outstanding Balance of such Transferred Receivable or the portion thereof attributable to the returned Product within ten (10) Business Days of the approval by Seller or Toro of the return of the Product by an Account Debtor. If Seller or Toro does not pay to Buyer the Outstanding Balance (or portion thereof) of such Transferred Receivable as required by this Section 4.2(b), such Transferred Receivable shall become an "Ineligible Receivable," immediately subject to the repurchase obligations set forth under Section 4.1(d), without giving effect to the Cure Period.

(c) Credits. If Seller or Toro in the ordinary course of business issues any credit to any Account Debtor that reduces any amount due with respect to a Transferred Receivable, Seller or Toro, as appropriate, shall pay to Buyer an amount equal to such credit within two (2) Business Days of the issuance thereof.

(d) Notification and Resolution of Disputes. Seller or Toro shall promptly notify Buyer of all facts or circumstances of which Seller or Toro has Knowledge and are material to Buyer's interests under this Agreement in relation to the terms and conditions of any Financing Agreement, a Transferred Receivable and/or the relevant Products including any dispute or threatened dispute with an Account Debtor in relation thereto of which Seller or Toro has Knowledge. Seller or Toro will, if requested to do so by Buyer, use commercially reasonable efforts to assist Buyer, at no cost to Seller or Toro, in resolving any disputes between Buyer and any Account Debtor and in collecting the Transferred Receivables.

(e) Repossession of Products. If an Account Debtor defaults on any of its obligations to Buyer, Buyer may appoint Seller or Toro as its agent (without compensation) to recover possession of the relevant Products from the Account Debtor and Seller or Toro, as appropriate, shall, if it accepts such appointment in its sole

discretion, on such appointment, at its own risk, cost and expense, repossess, transport, store and insure such Products. Seller or Toro, as appropriate, shall keep any Products repossessed by it in a safe and suitable environment. In case Seller or Toro declines to act as Buyer's agent, Seller and Toro shall cooperate with Buyer to appoint a third party, at Seller's or Toro's, as appropriate, cost and expense, in connection with the repossession, transportation, storage and insurance of such Products.

(f) Limited Repurchase Obligation. With respect to the Transferred Receivables, Buyer shall be entitled to the benefits to which Red Iron is entitled described in Sections 3 and 4(b) of the form of Repurchase Agreement attached as Exhibit A hereto (the "Repurchase Agreement"), subject to the limits set forth in Section 4(a) of the Repurchase Agreement, and Seller and Toro jointly and severally agree to perform any obligations of Seller (as defined in the Repurchase Agreement) set forth in Sections 3 and 4(b) of the Repurchase Agreement, subject to the limits set forth in Section 4(a) of the Repurchase Agreement.

4.3 Negative Covenants of Seller and Toro. Seller and Toro each covenants and agrees that, without the prior written consent of Buyer:

(a) Liens. Neither Seller nor Toro shall create, incur, assume or permit to exist any Lien, other than Permitted Encumbrances, on or with respect to the Transferred Assets. If a Transferred Receivable is subject to such a Lien and such Lien is not released within the Cure Period, such Transferred Receivable shall become an "Ineligible Receivable," immediately subject to the repurchase obligations set forth under Section 4.1(d), without giving effect to the Cure Period.

(b) Amendments to Financing Agreements. Neither Seller nor Toro shall amend the Financing Agreements.

(c) Non Disturbance of Buyer's Rights. Neither Seller nor Toro shall take any action over the Transferred Receivables and, in particular, except as contemplated by Section 4.2(c), will not grant discounts or grace periods to the Account Debtors nor will they agree to any compromise with respect to the Transferred Receivables. If Seller or Toro takes any of the foregoing actions with respect to a Transferred Receivable, such Transferred Receivable shall become an "Ineligible Receivable," immediately subject to the repurchase obligations set forth under Section 4.1(d), without giving effect to the Cure Period.

(d) Sale Characterization. For accounting purposes, Seller shall not account for the transactions contemplated by this Agreement in any manner other than, with respect to the sale of each Transferred Receivable, as a true sale and absolute assignment of its full right, title and ownership

**ARTICLE V
MISCELLANEOUS**

5.1 Notices. Notices and all other communication provided for herein shall be in writing and shall be deemed to have been given to a party at the earlier of (a) when personally delivered, (b) 72 hours after having been deposited into the custody of the U.S. Postal Service, sent by first class certified mail, postage prepaid, (c) one business day after deposit with a national overnight courier service, (d) upon receipt of a confirmation of facsimile transmission, or (e) upon receipt of electronic mail (with a notice contemporaneously given by another method specified in this Section 5.1); in each case addressed as follows:

If to Buyer: Red Iron Acceptance, LLC
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: General Manager
Telephone: (952) 887-8266
Facsimile: (952) 887-8258
Email: tevans@tcfif.com

with copies to:

TCF Inventory Finance, Inc.
2300 Barrington Road, Suite 600
Hoffman Estates, IL 60169
Attention: Vincent E. Hillery, General Counsel
Telephone: (847) 252-6616
Facsimile: (847) 285-6012
Email: vhillery@tcfif.com

and:

TCF National Bank
200 E. Lake Street
Wayzata, MN 55391
Attention: General Counsel
Telephone: (952) 475-6498
Facsimile: (952) 475-7975
Email: jgreen@tcfbank.com

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and:

Kaplan, Strangis and Kaplan, P.A.
5500 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402
Attention: Harvey F. Kaplan, Esq.
Telephone: (612) 375-1138
Facsimile: (612) 375-1143
Email: hfk@kskpa.com

If to Seller or Toro: The Toro Company
Toro Credit Company
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: Treasurer
Telephone: (952) 887-8449
Facsimile: (952) 887-8920
Email: Tom.Larson@toro.com

with copies to:

The Toro Company
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: General Counsel
Telephone: (952) 887-8178
Facsimile: (952) 887-8920

and:

Oppenheimer Wolff & Donnelly LLP
3300 Plaza VII Building
45 South Seventh Street
Attention: C. Robert Beattie, Esq.
Telephone: (612) 607-7395
Facsimile: (612) 607-7100
Email: RBeattie@Oppenheimer.com

or to such other address as any party hereto may have furnished to the other party hereto in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

5.2 No Waiver; Remedies.

(a) The failure of any party hereto, at any time or times, to require strict performance by any other party hereto of any provision of this Agreement shall not

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waive, affect or diminish any right of such party thereafter to demand strict compliance and performance with this Agreement. Any suspension or waiver of any breach or default hereunder shall not suspend, waive or affect any other breach or default whether the same is prior or subsequent thereto and whether of the same or a different type. None of the undertakings, agreements, warranties, covenants and representations of any party contained in this Agreement, and no breach or default by any party under this Agreement, shall be deemed to have been suspended or waived or amended by any other party hereto unless such waiver or suspension or amendment is by an instrument in writing signed by an officer of or other duly authorized signatory of such party and, in the case of a suspension or waiver, directed to the defaulting party specifying such suspension or waiver.

(b) Each party's rights and remedies under this Agreement shall be cumulative and nonexclusive of any other rights and remedies that such party may have under any other agreement, including the Related Documents, by operation of law or otherwise.

5.3 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of Seller, Toro and Buyer and their respective successors and permitted assigns, except as otherwise provided herein. No party may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder without having obtained the prior express written consent of the other party. Any such purported assignment, transfer, hypothecation or other conveyance by Seller or Toro without the prior express written consent of Buyer shall be void. The terms and provisions of this Agreement are for the purpose of defining the relative rights and obligations of Seller, Toro and Buyer with respect to the transactions contemplated hereby and, except as set forth in Section 7.10 of the Joint Venture Agreement, no Person shall be a third-party beneficiary of any of the terms and provisions of this Agreement.

5.4 No Buyer Liability for Contracts. Seller and Toro hereby acknowledge and agree that Buyer shall not be in any way responsible for the performance of any contract for the sale of Products by Seller or Toro to an Account Debtor giving rise to any Transferred Receivable and Buyer shall not have any obligation to intervene in any dispute arising out of the performance of any such contract. Seller and Toro shall, jointly and severally, indemnify Buyer and hold Buyer harmless from and against any and all losses, damages, penalties, costs, expenses (including reasonable attorneys' fees) and liabilities (including product liabilities) incurred by Buyer in connection with any claim or demand by an Account Debtor or any third party arising directly or indirectly from the design, manufacture or sale of the Products, any warranty with respect to the Products or any failure of the Products to comply with the terms and conditions of this Agreement.

5.5 Survival. Except as otherwise expressly provided herein or in any Related Document, all undertakings, agreements, covenants, warranties and representations of or binding upon Seller, Toro and Buyer, and all rights of Seller, Toro and Buyer hereunder shall not terminate or expire upon the closing of the transactions contemplated hereby, but rather shall survive.

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5.6 Complete Agreement; Modification of Agreement. This Agreement and the Related Documents constitute the complete agreement between the parties with respect to the subject matter hereof, supersede all prior agreements and understandings relating to the subject matter hereof and thereof, and may not be modified, altered or amended except by written agreement of the parties hereto.

5.7 Dispute Resolution. In the event the parties hereto cannot mutually reach a decision on an issue arising under this Agreement, then such dispute shall be deemed to be an "Arbitrable Dispute" subject to the dispute resolution procedures set forth in Article VI of the Joint Venture Agreement.

5.8 Jury Trial. EACH OF SELLER, TORO AND BUYER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING TO THIS AGREEMENT OR ANY RELATED DOCUMENT IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY. THIS WAIVER IS A MATERIAL INDUCEMENT FOR OUR ENTERING INTO THIS AGREEMENT.

5.9 Governing Law; Submission to Jurisdiction. This Agreement shall be subject to and governed by the laws of the state of Minnesota, without regard to conflicts of laws principles. Each of Seller, Toro and Buyer hereby irrevocably submits to the non-exclusive jurisdiction of the Federal courts sitting in Minneapolis or St. Paul, Minnesota or any state court located in Hennepin County, Minnesota, and by execution and delivery of this Agreement, each party hereto accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of such

courts with respect to any Litigation concerning this Agreement or the Related Documents or the transactions contemplated hereby and thereby or any matters related thereto not subject to the provisions of Section 5.7. Each party hereto irrevocably waives any objection (including any objection to the laying of venue or any objection on the grounds of forum non conveniens) which it may now or hereafter have to the bringing of any proceeding with respect to this Agreement or the Related Documents to the courts set forth above. Each party hereto agrees to the personal jurisdiction of such courts and that service of process may be made on it at the address indicated in Section 5.1 above. Nothing herein shall affect the right to serve process in any other manner permitted by law.

5.10 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement.

5.11 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

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5.12 Section Titles. The section titles and table of contents contained in this Agreement are provided for ease of reference only and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

5.13 No Setoff. Seller's and Toro's obligations under this Agreement shall not be affected by any right of setoff, counterclaim, recoupment, defense or other right Seller or Toro might have against Buyer, all of which rights are hereby expressly waived by Seller and Toro.

5.14 Further Assurances.

(a) Each of Seller and Toro shall, at its sole cost and expense, upon request of Buyer, promptly and duly authorize, execute and/or deliver, as applicable, any and all further instruments and documents and take such further actions that Buyer may reasonably request to carry out more effectively the provisions and purposes of this Agreement or to obtain the full benefits of this Agreement and of the rights and powers herein granted, including authorizing and filing amendments to financing statements under the UCC with respect to the ownership interest of Buyer created by this Agreement. Seller hereby authorizes Buyer to file any such financing statements without the signature of Seller to the extent permitted by applicable law. A carbon, photographic or other reproduction of this Agreement or of any notice or financing statement covering the Transferred Assets or any part thereof shall be sufficient as a notice or financing statement where permitted by law. If any amount payable under or in connection with any of the Transferred Assets is or shall become evidenced by any instrument, such instrument, other than checks and notes received in the ordinary course of business, shall be duly endorsed in a manner satisfactory to Buyer immediately upon Seller's receipt thereof and promptly delivered to or at the direction of Buyer.

(b) If Seller or Toro fails to perform any agreement or obligation under this Section 5.14, Buyer may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the reasonable expenses of Buyer incurred in connection therewith shall be payable by Seller or Toro upon demand of Buyer.

5.15 No Indirect or Consequential Damages. NO PARTY TO THIS AGREEMENT SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO THIS AGREEMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR PUNITIVE, EXEMPLARY OR, EXCEPT IN THE CASE OF FRAUD, BAD FAITH, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, INDIRECT OR CONSEQUENTIAL DAMAGES THAT MAY BE ALLEGED AS A RESULT OF ANY TRANSACTION CONTEMPLATED HEREUNDER.

5.16 No Assumption in Drafting. The parties hereto acknowledge and agree that (a) each party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to contribute to its revision, and (b) each party has been represented by counsel in reviewing and negotiating such terms and provisions. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the

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interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both parties hereto and not in favor or against either party.

5.17 Headings; Section and Article References. The headings in this Agreement are inserted for convenience only and are not to be considered in the interpretation or construction of the provisions hereof. Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement: (a) the words "hereof," "herein" and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (b) the words "include" and "including" and words of similar import shall not be construed to be limiting or exclusive and (c) the word "or" shall have the meaning represented by the phrase "and/or." Any pronoun used herein shall be deemed to cover all genders.

[Signature page follows]

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IN WITNESS WHEREOF, Seller, Toro and Buyer have caused this Agreement to be duly executed as of the day and year first above written.

TORO CREDIT COMPANY, as Seller

By: /s/ Stephen P. Wolfe
Name: Stephen P. Wolfe
Its: President

THE TORO COMPANY

By: /s/ Thomas J. Larson
Name: Thomas J. Larson
Its: Vice President, Treasurer

RED IRON ACCEPTANCE, LLC, as Buyer

By: /s/ Tom Evans
Name: Tom Evans
Its: General Manager

REPURCHASE AGREEMENT
(Two Step)

This Repurchase Agreement (“**Agreement**”) is entered into as of October 1, 2009 (“**Effective Date**”) by and between **THE TORO COMPANY**, a Delaware corporation, a manufacturer (**hereinafter “Seller”**), and **RED IRON ACCEPTANCE, LLC**, a Delaware limited liability company (“**Red Iron**”), to set forth the terms and conditions under which Red Iron will provide financing for certain dealers and distributors as set forth below. In consideration of the matters and mutual agreements herein contained, Red Iron and Seller agree as follows:

1. Definitions.

- (a) “**Approval**” herein shall mean Red Iron’s agreement, whether in writing, by electronic transmission or orally (provided, however, that such oral agreement be promptly confirmed in writing), to provide floorplan inventory financing for the sale of Inventory by Seller or an affiliate of Seller to a Dealer and/or Distributor, which agreement shall be in effect for a period of sixty (60) days from the date issued.
- (b) “**Dealer**” herein shall mean any person, firm or corporation which buys Inventory at wholesale from Seller or an affiliate of Seller and sells Inventory at retail.
- (c) “**Dealer Invoice**” herein shall mean an invoice, bill of sale or other evidence, whether in writing or electronically transmitted, of the sale or delivery of Inventory by Seller or an affiliate of Seller to a Dealer.
- (d) “**Distributor**” herein shall mean any person, firm, corporation or buying group which buys Inventory from Seller or an affiliate of Seller and sells Inventory at wholesale.
- (e) “**Distributor Invoice**” herein shall mean an invoice, bill of sale or other evidence, whether in writing or electronically transmitted, of the sale or delivery of Inventory by Seller or an affiliate of Seller to a Distributor.
- (f) “**Distributor to Dealer Invoice**” herein shall mean an invoice, bill of sale or other evidence, whether in writing or electronically transmitted, of the sale or delivery of Inventory by a Distributor to a Dealer.
- (g) “**Inventory**” herein shall mean any and all products, including parts and accessories, software and related services manufactured, distributed or sold at wholesale by Seller or an affiliate of Seller.
- (h) “**Invoice**” herein shall mean a Dealer Invoice, a Distributor Invoice and/or a Distributor to Dealer Invoice, either collectively or individually, as the case may be.
- (i) “**Wholesale Instrument**” herein shall mean an Invoice, billing statement, inventory schedule or other evidence of indebtedness, including the books and records of Red Iron, arising out of the financing by Red Iron of an Invoice.

2. Financing Program.

- (a) If Seller or an affiliate of Seller requests an Approval or sends to Red Iron an Invoice, and the Dealer and/or Distributor related to such Approval or Invoice is eligible for floorplan inventory financing in accordance with the credit and operational policies of Red Iron, then Red Iron shall, from time to time in its commercially reasonable discretion consistent with such credit and operational policies, issue such Approvals and advance against such Invoices, all under the terms of this Agreement. Upon issuance of an Approval by Red Iron, Seller shall (or, as applicable, shall cause its affiliate to) deliver an original Invoice to Red Iron. Provided Red Iron receives the Invoice within sixty (60) days of the date Red Iron issued the Approval and within thirty (30) days of the ship date referred to in the Invoice, Red Iron shall pay Seller or its affiliate, as applicable, the amount of the Invoice, subject to the terms of the financing program then in effect between Seller and Red Iron. If the Invoice is not received within said 60- and 30-day periods, or is not acceptable in form or content once received, Red Iron has the right, without notice to Seller or its affiliate, as applicable, to cancel the Approval related to said Invoice. Prior to funding any Approval, Red Iron has the right to cancel said Approval upon oral or written notice (provided, however, that oral notice be promptly confirmed in writing) to Seller or its affiliate, as applicable, should Dealer or Distributor be in default of any of its obligations to Red Iron and provided that Seller or its affiliate, as applicable, has not shipped Inventory in reliance on Red Iron’s Approval. Advances on Invoices and Approvals for such advances issued by Red Iron as provided hereunder shall constitute an acceptance of the terms and conditions hereof by Seller (for itself or on behalf of its affiliate, as applicable) and Red Iron as to each such advance, and no other act or notice shall be required on the part of Red Iron or Seller (or its affiliate, as applicable) to entitle such advances and Approvals to the benefits of this Agreement. Red Iron may deduct, set-off, withhold and/or apply any sums from payments due to Seller (either on behalf of

itself or its affiliate, as applicable) from Red Iron under this Agreement any sums or payments due to Red Iron from Seller and/or its affiliates in respect of any advance to be made by Red Iron against any Invoice. Seller and Red Iron may from time to time enter into written agreements for any Seller sponsored special financing program for Dealers and/or Distributors.

- (b) If Seller or an affiliate of Seller delivers to Red Iron an original Invoice that is the subject of open account financing of inventory and related items and the amount of such Invoice is within (i) pre-established credit limits applicable to the Dealer and/or Distributor related to such Invoice and (ii) unsecured credit limits established by Red Iron from time to time (which shall not be less than \$4,000,000 in the aggregate at any time unless otherwise agreed by the parties hereto), then Red Iron shall, from time to time in its commercially reasonable discretion consistent with the credit and operational policies of Red Iron, make an advance against such Invoice under the terms of this Agreement. Subject to the foregoing, if Red Iron receives the Invoice within thirty (30) days of the ship date referred to in the Invoice, Red Iron shall pay Seller or its affiliate, as applicable, the amount of the Invoice, subject to the terms of the financing program then in effect between Seller and Red Iron. Advances on Invoices issued by Red Iron as provided hereunder shall constitute an acceptance of the terms and conditions hereof by Seller (for itself or on behalf of its affiliate, as applicable) and Red Iron as to each such advance, and no other act or notice shall be required on the part of Red Iron or Seller (or its affiliate, as applicable) to entitle such advances to the benefits of this Agreement. Red Iron may deduct, set-off, withhold and/or apply any sums from payments due to Seller (either on behalf of itself or its affiliate, as applicable) from Red Iron under this Agreement any sums or payments due to Red Iron from Seller and/or its affiliates in respect of any advance to be made by Red Iron against any Invoice.

- (c) If (i) Seller or an affiliate of Seller requests an Approval or sends to Red Iron an Invoice or requests that Red Iron accept a group of Invoices attributable to a single Dealer or Distributor, which would otherwise be subject to Section 2(a) above but for the fact that the Dealer and/or Distributor related to such Approval or Invoice is not eligible for floorplan inventory financing in accordance with the credit and operational policies of Red Iron or (ii) Seller or an affiliate of Seller delivers to Red Iron an original Invoice or requests that Red Iron accept a group of Invoices attributable to a single Dealer or Distributor, which would otherwise be subject to Section 2(b) above but for the fact that such Invoice fails to meet the requirements of Section 2(b) (in either case whether as part of an individual request or group request a “Non-conforming Invoice”), then, provided such request indicates that any such Non-conforming Invoice is subject to the Recourse Obligation set forth below, Red Iron shall, from time to time in its commercially reasonable discretion, issue such Approval and advance against such Non-conforming Invoice, all under the terms of this Agreement including the applicable terms set forth in Section 2(a) and 2(b) above but subject to the Recourse Obligation. Seller hereby requests that Red Iron accept all Invoices which would otherwise be subject to Section 2(a) or

Section 2(b) with respect to the Dealers/Distributors listed on Schedule 1 attached hereto and agrees that all such Invoices are subject to the Recourse Obligation. If a Dealer or Distributor shall default in the payment of any Non-conforming Invoice, after the expiration of any cure period applicable to such Non-conforming Invoice and upon demand by Red Iron which shall set forth in reasonable detail the nature of such default, Seller shall repurchase such Non-conforming Invoice from Red Iron as provided below, which repurchase, subject to Seller's performance thereof, shall be Red Iron's sole and exclusive remedy with respect to such defaulted Non-conforming Invoice (such repurchase obligation being referred to herein as the "Recourse Obligation"). In connection with such repurchase, Seller or Toro, as appropriate, shall pay to Red Iron in immediately available funds not later than five (5) Business Days after Seller's receipt from Red Iron of demand for the repurchase of such Non-conforming Invoice, in payment for such repurchase, an amount equal to the outstanding balance (including accrued but unpaid interest) remaining unpaid under such Non-conforming Invoice. The payment of such amount in immediately available funds shall otherwise be considered payment in full of such Non-conforming Invoice. Upon the payment required to be made to Red Iron as provided in this Section 2(c), Red Iron shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to Seller or its designee, without recourse, representation or warranty, except as set forth in the immediately following sentence, all the right, title and interest of Red Iron in and to the applicable Non-conforming Invoice, all moneys due or to become due and all collateral security with respect thereto and all amounts received with respect thereto and all proceeds thereof. Such transfer shall be free and clear of any liens created by or through Red Iron. Any collections received by Red Iron after the date of transfer with respect to any Non-conforming Invoices transferred to Seller or its designee pursuant to this Section 2(c), as well as any amounts received by Red Iron after the date of transfer from an account debtor with respect thereto shall be deemed held by Red Iron in trust and as fiduciary for Seller or its designee and Red Iron shall pay the same over to Seller or its designee promptly upon receipt. Red Iron will irrevocably instruct any account debtor with respect to such repurchased Non-

conforming Invoice to make all payments on account thereof after such assignment to Seller or its designee. Red Iron shall execute such documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by Seller or its designee to effect the conveyance of such Non-conforming Invoice pursuant to this Section 2(c). Red Iron's rights under this paragraph with regard to Non-conforming Invoices are in lieu of Red Iron's rights under the provisions of Sections 3(a) and 3(b) of this Agreement and are not subject to the limitation set forth in Section 4(a) of this Agreement. Notwithstanding the foregoing, if Red Iron notifies Seller, as a result of its own determination or in response to a request from Seller, that due to changed circumstances any Non-conforming Invoice or any group of Non-conforming Invoices attributable to a single Dealer or Distributor sold to Red Iron pursuant to this Section 2(c) is no longer subject to any condition requiring that it or they be treated as Non-conforming Invoice(s) such that it or they would qualify for sale pursuant to either Section 2(a) or 2(b) above, the subject Invoice(s) shall no longer be considered as Non-conforming Invoice(s) and Seller shall no longer be subject to the Recourse Obligation with respect thereto; provided, however, that such Invoice shall be subject to the provisions of Section 3(a), 3(b) and 4(a) of this Agreement. Red Iron agrees to respond to any request from Seller made pursuant to the preceding sentence, which request shall specify with reasonable detail the basis for such request, indicating Red Iron's acceptance of such request or rejection of such request and the reason for such rejection, in writing within [five (5) Business Days] after Red Iron's receipt of such request from Seller. At such time as all Invoices due from any of the Dealers/Distributors listed on Schedule 1 attached hereto are determined in accordance with the foregoing procedure no longer to be Non-conforming Invoices, such Schedule 1 shall be amended to delete reference to such Dealer/Distributor. Likewise, at such time as Seller requests that Red Iron accept a group of Invoices attributable to a single Dealer or Distributor as Non-conforming Invoices in accordance with the provisions of this Section 2(c), such Schedule 1 shall be amended to add a reference to such Dealer/Distributor.

(d) Upon payment to Seller or an affiliate of Seller of the amount of an Invoice pursuant to the terms of the preceding paragraphs (a), (b) or (c), Seller or its affiliate, as applicable, shall be deemed, without the necessity of any further action, to have transferred, assigned, set over and otherwise conveyed to Red Iron, without recourse except as provided herein, all its right, title and interest in, to and under, such Invoice and any related Wholesale Instrument, any collateral security securing payment thereof and any other credit support together with all monies due or to become due and all amounts received or receivable with respect thereto, including all rights to receive payments thereon from any Dealer and/or Distributor. For accounting purposes, no Seller or affiliate of Seller, as applicable, shall account for the transactions contemplated by this Agreement in any manner other than, with respect to the sale of each Invoice, as a true sale and absolute assignment of its full right, title and ownership interest therein to Red Iron. Seller and its affiliates shall also maintain their respective records and books of account in a manner which clearly reflects each such sale of Invoices to Red Iron.

(e) Seller (on behalf of itself and its affiliates) hereby grants to Red Iron a limited power of attorney for the sole purpose of endorsing checks, drafts and other instruments received by Red Iron payable to the order of Seller and its affiliates and relating, in whole or in part, to receivables held by Red Iron.

3. Repurchase of Inventory; Extended Service Contract Recourse.

(a) **Seller's repurchase of Inventory sold by Seller or its affiliates directly to a Dealer or Distributor.** Subject to Section 4, if Red Iron shall repossess or come into possession of any Inventory, or any part thereof, covered by any Dealer Invoice or Distributor Invoice, Seller agrees to repurchase such Inventory from Red Iron in a condition that is new and unused, subject to normal wear and tear resulting from display or demonstration, and wherever located. Seller shall pay Red Iron, within thirty (30) days of request therefor and in good funds, the outstanding balance (including accrued but unpaid interest) remaining unpaid under such Invoice. In addition, Seller shall pay Red Iron for all costs and expenses actually incurred by Red Iron in taking possession or in the repossession of such Inventory, including shipping and storage costs (not to exceed 10% of the original Invoice) plus reasonable attorneys' fees and court costs actually incurred. Seller shall not assert any interest in or title to such Inventory until it has paid Red Iron all amounts as specified herein in full.

(b) **Seller's repurchase of Inventory sold by a Distributor to a Dealer.** Subject to Section 4, if Red Iron shall repossess or come into possession of any Inventory, or any part thereof, covered by any Distributor to Dealer Invoice, and Distributor fails to repurchase such Inventory from Red Iron within thirty (30) days of Red Iron's demand therefor, Seller agrees to repurchase such Inventory from Red Iron in a condition that is new and unused, subject to normal wear and tear resulting from display or demonstration, and wherever located. Subject to Section 3(h), Seller shall pay Red Iron, within thirty (30) days of request

therefor and in good funds, the outstanding balance (including accrued but unpaid interest) amount remaining unpaid under such Distributor to Dealer Invoice. In addition, Seller shall pay Red Iron for all costs and expenses actually incurred by Red Iron in taking possession or in the repossession of such Inventory, including shipping and storage costs (not to exceed 10% of the original Invoice) plus reasonable attorneys' fees and court costs actually incurred. Seller shall not assert any interest in or title to such Inventory until it has paid Red Iron all amounts as specified herein in full.

(c) Seller and Red Iron agree that the repurchase of Inventory hereunder shall not be deemed to be a transfer subject to Sections 9-615(f) or 9-618 of the Illinois Uniform Commercial Code or any similar provision of any other applicable law.

(d) If an Invoice delivered to Red Iron by Seller does not identify the covered Inventory by serial number, but only by model number, and Seller cannot prove to Red Iron's reasonable satisfaction that an item of Inventory is covered by a particular Invoice, then for purposes of determining the age or price of an item

of Inventory under this Agreement, the item of Inventory shall be deemed to be covered by the most recent Invoice which has an item with the same model number as the item of Inventory tendered for repurchase.

(e) Seller further agrees that in the event Red Iron refinances Inventory pursuant to a buyout of debt from another financing source or otherwise, such Inventory will be subject to repurchase by Seller under this Section 3, notwithstanding the fact that Red Iron did not finance the initial purchase of such Inventory from Seller.

(f) Seller agrees (and Seller will cause its affiliates, as applicable) to execute any additional agreements, instruments, and documents which Red Iron may reasonably require to maintain Red Iron's rights and interests in any Inventory.

(g) To the extent reasonably feasible, and without prejudicing Red Iron's rights, Red Iron shall provide Seller prior written notice of Red Iron's intent to commence litigation against a Dealer or Distributor.

(h) Red Iron shall provide Seller contemporaneous written notice of any action by Red Iron against a Dealer or Distributor with respect to any amounts unpaid under a Distributor to Dealer Invoice. Red Iron shall not make a demand on Toro to perform its obligations under Section 3(b) above until at least ten (10) days after providing such notice to Seller or, in the case where the Dealer or Distributor disputes such amounts in good faith, until at least thirty (30) days after providing such notice to Seller.

(i) If an Invoice for an extended service contract is not paid when due, then Red Iron shall have the benefit of recourse to Seller with respect to such Invoice on such terms as Red Iron and Seller shall mutually agree from time to time.

4. Net Repurchase Limit; Remarketing.

(a) Neither Seller nor any affiliate of Seller shall have any obligation under Section 3 or under the terms of any other repurchase agreement entered into by and between Seller or an affiliate of Seller, on the one hand, and Red Iron on the other, to repurchase any additional Inventory in a Calendar Year once the aggregate amount of repurchase obligations fully and finally paid hereunder to Red Iron during such Calendar Year equals or exceeds the Net Repurchase Limit for such Calendar Year. "**Net Repurchase Limit**" shall mean Seven and One-Half Million Dollars (\$7,500,000) for each Calendar Year during the term of this Agreement. The foregoing Net Repurchase Limit shall not relieve Seller or its affiliates from (i) any obligation to repurchase or otherwise acquire any Inventory pursuant to any separate agreement between Seller or an affiliate of Seller and any Distributor or (ii) any other recourse obligation Seller or an affiliate of Seller may have to Red Iron (including the recourse described in Sections 2(c) and 3(i) hereof).

(b) Once the Net Repurchase Limit has been reached in a Calendar Year, Seller agrees to use its best efforts to remarket any additional repossessed Inventory on behalf of Red Iron on a non-discriminatory, non-priority basis for an amount not less than the outstanding balance (including accrued but unpaid interest) remaining due Red Iron on such Inventory. As used herein, such best efforts shall include advertising and using the same methods to market such Inventory as Seller uses to market similar products in the course of conducting its own business, subject to Red Iron's rights to approve all aspects of any resale of such Inventory. Red Iron acknowledges that Seller in the ordinary course of its business will be engaged in the marketing of other similar Inventory and that such activity shall not constitute a breach of any duty of Seller under the terms of this Section 4(b) so long as Seller complies with the two immediately preceding sentences. Red Iron will reimburse Seller for reasonable out-of-pocket, third party expenses, including reasonable commissions (if any), incurred by Seller in providing remarketing services pursuant to this Section 4(b).

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5. Seller Representations and Warranties.

(a) Seller represents and warrants, at the time of any Red Iron Approval and/or advance against any Invoice as provided hereunder, that: (i) each and every Invoice issued by Seller or its affiliate, as applicable, represents valid obligations of a Dealer and/or Distributor, is legally enforceable according to its terms and relates to bona fide, original acquisition sales of Inventory by Seller or its affiliate, as applicable, to a Dealer and/or Distributor without any claim, offset or defense to payment by Dealer and/or Distributor and that Dealer and/or Distributor requested that the acquisition of Inventory be financed by Red Iron; (ii) Seller's (or, as applicable, its affiliate's) title to all Inventory is free and clear of all security interests, liens and encumbrances when transferred to Dealer and/or Distributor and Seller or its affiliate, as applicable, transfers to Dealer and/or Distributor all its right, title and interest in and to the Inventory; (iii) the Inventory is in new and unused condition; it is of the kind, quality and condition represented or warranted to Dealer and/or Distributor; it meets or exceeds all applicable federal, state and local safety, manufacturing and other standards; and if it is a type of Inventory customarily crated or boxed, such crate or box is factory sealed.

(b) In the event of breach of any of the foregoing representations or warranties, Seller will, immediately upon demand, purchase from Red Iron the Wholesale Instrument relating to the Invoice or Inventory with respect to which the representation/warranty was breached and pay, in good immediately available funds, the unpaid balance amount of the Wholesale Instrument, plus all charges owing by Dealer and/or Distributor with respect thereto, and all of Red Iron's costs and expenses, including reasonable attorneys' fees, actually incurred in connection with such breach.

6. Seller Covenants and Indemnity.

Seller covenants as follows:

(a) All Inventory financed by Red Iron shall be subject to applicable product warranties of Seller (or its affiliate, as applicable), and Seller agrees to perform, or cause to be performed, all repairs, modifications and/or other acts required of Seller or its affiliate, as applicable, pursuant to said product warranties. All expenses of performance under this covenant shall be paid by Seller.

(b) If Seller or its affiliate, as applicable, accepts the return from any Dealer and/or Distributor of any Inventory covered by any Wholesale Instrument, voluntarily or otherwise, whether or not any substitution is made for such returned Inventory, Seller will reimburse Red Iron for the unpaid balance amount of the Wholesale Instrument within thirty (30) days of the return.

(c) At any time at which Seller is not required to file reports with the U.S. Securities Exchange Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, Seller will, upon request, promptly provide Red Iron with Seller's year-end balance sheet and annual profit and loss statement for each fiscal year prepared in accordance with generally accepted accounting principles, consistently applied.

(d) All transactions of Seller and its affiliates related to the sale of Inventory financed by Red Iron shall comply with all applicable laws, rules, regulations and orders of all governmental entities having jurisdiction over such transactions. Seller agrees to indemnify and hold Red Iron harmless from and against any and all claims, damages, costs, expenses, penalties and judgments asserted or imposed upon, or incurred by, Red Iron as a result of breach by Seller or its affiliates of any provision of this Section 6.

(e) Seller will notify Red Iron promptly (i) if Seller or its affiliate, as applicable, terminates, or gives notice of its intent to terminate, its agreement with any Distributor or (ii) if any Distributor terminates, or gives notice of its intent to terminate, its agreement with Seller or one of its affiliates.

7. Waivers.

(a) Seller (on behalf of itself and its affiliates) waives: notice of non-payment; protest and dishonor and notice of protest and dishonor of any Wholesale Instrument; notice of Red Iron's acceptance of this Agreement; and all other notices to which Seller or its affiliates might otherwise be entitled to by law. Red Iron may, at any time or times, without notice to or further consent of Seller or its affiliates, renew and extend the time of payment of Wholesale Instruments and compromise or adjust claims on Wholesale Instruments or Inventory covered thereby and waive or modify performance of such terms and conditions of its financing arrangement with Dealers and/or Distributors, as Red Iron may determine to be reasonable, and no such renewal, extension, compromise, adjustment, waiver or modification shall affect

the obligations or liabilities of Seller hereunder.

(b) No waiver of any provision of this Agreement shall be implied, and no waiver shall be valid, unless it is in writing and signed by the person or party to be charged. No waiver of any breach of any of the terms, provisions or conditions of this Agreement shall be construed as or held to be a waiver of any other breach, or a waiver of, acquiescence in, or consent to, any further or succeeding breach hereof.

8. Term and Termination.

(a) **Initial Term.** The initial term of this Agreement shall commence on the Effective Date and, provided this Agreement is not terminated earlier as otherwise provided herein, shall continue until October 31, 2014 (the "Initial Term") and thereafter shall be extended automatically for additional two-year terms (each, an "Additional Term") unless at least one year prior to the expiration of the Initial Term or Additional Term (as applicable) either party gives notice to the other party of its intention not to extend the term, in which event the Agreement shall terminate at the end of the then current Initial Term or Additional Term. Notwithstanding the foregoing, this Agreement shall automatically terminate upon the final dissolution, winding up and liquidation of Red Iron.

(b) **Default Termination.** If Seller (or, as applicable, one of its affiliates) is in default of any of the provisions of this Agreement and Seller shall fail to cure (or cause the cure of) such default within thirty (30) days after notice by Red Iron of such default (or such longer period of time as is reasonably necessary to allow Seller to cure (or cause the cure of) such default but, in any event, not more than seventy-five (75) days after notice by Red Iron of such default), Red Iron shall then have the right to terminate this Agreement without further notice and without penalty and the right to exercise all remedies available to Red Iron under applicable law.

(c) **Effect of Termination.** The termination of all or any part of this Agreement shall not affect the obligations of Seller or its affiliates with respect to Invoices approved or advanced against by Red Iron, or other obligations incurred by either party, prior to the effective date of such termination.

9. General.

(a) This Agreement has been duly authorized and executed by Seller and Red Iron and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and/or assigns, subject to the limitations of this Section 9(a). Neither party may assign this Agreement without the prior written consent of the other (which consent shall not be unreasonably withheld), unless such assignment is to a successor-in-interest to the assigning party.

(b) This Agreement constitutes the entire agreement between the parties and contains all of the agreements between the parties with respect to the subject matter hereof. This Agreement supersedes any and all other agreements, either oral or written, between the parties hereto with respect to the subject matter hereof. No amendment or modification of this Agreement shall be valid unless the same shall be in writing and signed by the parties hereto. Notwithstanding the foregoing, the parties acknowledge that there may be other agreements between them from time to time covering related matters such as financing program terms, Seller sponsored rate programs or electronic invoice transmission which shall continue in full force and effect. This Agreement shall not be deemed to create, or intend, a joint venture, partnership, agency or other similar relationship between Seller and Red Iron.

(c) Notices and all other communication provided for herein shall be in writing and shall be deemed to have been given to a party at the earlier of (i) when personally delivered, (ii) 72 hours after having been deposited into the custody of the U.S. Postal Service, sent by first class certified mail, postage prepaid, (iii) one business day after deposit with a national overnight courier service, (iv) upon receipt of a confirmation of facsimile transmission or (v) upon receipt of electronic mail (with a notice contemporaneously given by another method specified in this Section 9(c)); in each case addressed as follows:

If to Red Iron: Red Iron Acceptance, LLC
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: General Manager
Telephone: (952) 887-8266
Facsimile: (952) 887-8258
Email: tevans@tcfif.com

If to Seller: The Toro Company
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: Treasurer
Telephone: 952-887-8449
Facsimile: 952-887-8920
Email: Tom.Larson@toro.com

or to such other address as either party hereto may have furnished to the other party hereto in writing in accordance herewith, expect that notices of change of address shall be effective only upon receipt.

(d) This Agreement shall be subject to and governed by the laws of the state of Illinois, without regard to conflicts of law principles.

(e) The respective acts and obligations of the parties under this Agreement shall be performed solely by said parties; provided, however, if any act or obligation hereunder is performed by any party's subsidiary, affiliate or agent, then such performance shall be deemed to be the act or obligation of Seller or Red Iron, as applicable.

(f) Seller agrees to pay all reasonable out of pocket costs and expenses, including attorneys' fees, actually incurred by Red Iron in enforcing any of the provisions of this Agreement.

(g) EACH OF SELLER AND RED IRON, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING TO THIS AGREEMENT IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THIS WAIVER IS A MATERIAL INDUCEMENT FOR OUR ENTERING INTO THIS AGREEMENT.

(h) Each of Seller and Red Iron hereby irrevocably submits to the non-exclusive jurisdiction of the Federal courts and the courts of the state of Minnesota sitting in Minneapolis or St. Paul, Minnesota or any state court located in Hennepin County, Minnesota, and by execution and delivery of this Agreement, each party hereto accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of such courts with respect to any litigation concerning this Agreement or the transactions contemplated hereby or any matters related thereto. Each party hereto irrevocably waives any objection (including any objection to the laying of venue or any objection on the grounds of forum non conveniens) which it may now or hereafter have to the bringing of any proceeding with respect to this Agreement to the courts set forth above. Each party hereto agrees to the personal jurisdiction of such courts and that service of process may be made on it at the address indicated in Section 9(c) above. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(i) NO PARTY TO THIS AGREEMENT SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO THIS AGREEMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR PUNITIVE, EXEMPLARY OR, EXCEPT IN THE CASE OF FRAUD, BAD FAITH, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, INDIRECT OR CONSEQUENTIAL DAMAGES THAT MAY BE ALLEGED AS A RESULT OF ANY TRANSACTION CONTEMPLATED HEREUNDER.

(j) If any portion or portions of this Agreement shall be, for any reason, invalid or unenforceable, the remaining portion or portions shall nevertheless be valid, enforceable and carried into effect, unless to do so would clearly violate the present legal and valid intention of the parties hereto.

(k) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. This Agreement may be executed by facsimile signature or electronic transmission, as directed by Red Iron.

(l) The headings in this Agreement are inserted for convenience only and are not to be considered in the interpretation or construction of the provisions hereof. Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement: (i) the words "hereof," "herein" and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (b) the words "include" and "including" and words of similar import shall not be construed to be limiting or exclusive and (c) the word "or" shall have the meaning represented by the phrase "and/or."

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.

The Toro Company

Seller

By: /s/ Thomas J. Larson
Print Name: Thomas J. Larson
Title: Vice President, Treasurer
Tax ID No.: 41-0580470

Red Iron Acceptance, LLC

By: /s/ Tom Evans
Print Name: Tom Evans
Title: General Manager

Repurchase Agreement (Two Step)
