
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):

December 2, 2004

The Toro Company

(Exact name of registrant as specified in its charter)

Delaware

1-8649

41-0580470

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

8111 Lyndale Avenue South, Bloomington,
Minnesota

55420

(Address of principal executive offices)

(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))
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Item 1.01. Entry into a Material Definitive Agreement.

On December 2, 2004, the Toro Compensation and Human Resources Committee of the Board of Directors approved the award of stock options, Annual Management Incentive Plan cash bonus awards and Performance Share Awards to members of Toro management, in the amounts shown, and on the terms and conditions set forth in the table which is Exhibit 1 to this Form 8-K, and in the Stock Option Award Agreement and Performance Share Award Agreement which are exhibits to the Form 8-K. AMIP II Awards are not set forth in written agreements and terms and conditions are described below. The awards are made under stockholder approved plans, including The Toro Company 2000 Stock Option Plan, The Toro Company Annual Management Incentive Plan II and The Toro Company Performance Shares Award Plan.

An AMIP II Award provides for a cash payment to be made based on Toro's achievement of corporate performance goals for Fiscal 2005 and, for division participants, additional division goals. The amount of each award is based on a percentage ("Factor") of the participant's base salary for Fiscal 2005, and Toro's and its divisions' actual level of achievement of the performance goals. Award payments are not made until the Compensation and Human Resources Committee certifies goal achievement. If a participant retires, becomes disabled or dies during the one year performance period, the amount of an award payment will be prorated based on the number of months the participant was employed through termination. If a participant terminates for any other reason, the award will be canceled. In the event of a change of control, all awards will vest and be paid in the amount of the "target payout". Awards may not be transferred except upon death.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits. The following exhibits are filed herewith:

Exhibit No. Description

1. Award Chart between The Toro Company and its officers.
 2. Form of Stock Option Agreement between The Toro Company and its officers.
 3. Form of Performance Share Agreement between The Toro Company and its officers.
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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

December 7, 2004

By: *J. Lawrence McIntyre*

Name: J. Lawrence McIntyre

Title: Vice President, Secretary and General Counsel

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
1	Award Chart between The Toro Company and its officers.
2	Form of Stock Option Agreement between The Toro Company and its officers.
3	Form of Performance Share Agreement between The Toro Company and its officers.

AWARD CHART

NAME OF OFFICER AND TITLE	STOCK OPTIONS (# OF SHARES) ¹	AMIPII AWARDS (MAXIMUM \$ VALUE) ²	CORPORATE AND/OR DIVISION GOALS ³	PERFORMANCE SHARE
				AWARDS (#OF SHARES) ⁴
Kendrick B. Melrose, CEO	<u>2,000</u>	<u>1,163,000</u>	Corporate Only _	None _____
Michael J. Hoffman, President & COO	<u>20,000</u>	<u>715,000</u>	Corporate only _	<u>18,000</u>
Stephen P. Wolfe, Vice President & CFO	<u>10,700</u>	<u>384,800</u>	Corporate Only _	<u>9,600</u>
Karen M. Meyer, Vice President, Administration	<u>10,200</u>	<u>362,600</u>	Corporate Only _	<u>9,000</u>
Timothy A. Ford, Group Vice President	<u>8,100</u>	<u>336,400</u>	Corporate Only _	<u>7,200</u>
J. Lawrence McIntyre, Vice President, Secy. & General Counsel	<u>7,000</u>	<u>275,000</u>	Corporate Only _	<u>6,200</u>
Sandra J. Meurlot, Vice President, Operations	<u>4,400</u>	<u>248,000</u>	Corporate Only _	<u>4,000</u>
Michael D. Drazan, Vice President, Corporate Information Systems	<u>3,600</u>	<u>199,000</u>	Corporate Only _	<u>3,200</u>
Randy B. James, Corporate Controller	<u>2,800</u>	<u>165,800</u>	Corporate Only _	<u>2,400</u>
Philip A. Burkart, Vice President & General Mgr, Irrigation Business	<u>3,300</u>	<u>227,000</u>	Corporate and Division _____	<u>3,000</u>
William E. Brown, Jr., Vice President & General Manager, Commercial Business	<u>3,600</u>	<u>198,000</u>	Corporate and Division _____	<u>3,200</u>
Dennis P. Himan, Vice President & General Mgr. - International	<u>3,600</u>	<u>212,400</u>	Corporate and Division _____	<u>3,200</u>
Thomas M. Swain, General Manager, Consumer Business	<u>4,100</u>	<u>157,600</u>	Corporate and Division _____	<u>3,600</u>
Richard W. Rodier, General Manager, LCB-Toro	<u>3,100</u>	<u>134,400</u>	Corporate and Division _____	<u>2,800</u>
Mark B. Stinson,				

<u>General Manager</u>	<u>3,100</u>	<u>134,400</u>	<u>Corporate and Division</u>	<u>2,800</u>
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¹ The exercise price per share for each option granted was \$74.04, the closing price of one share of Toro Common Stock, par value \$1.00 per share, on the New York Stock Exchange on December 2, 2004, the date of grant.

² Amounts shown for AMIP II Awards for fiscal 2005 are the maximum amount that could be paid under each award, if performance goals are achieved at maximum levels, and are subject to reduction, including to zero, if goals are achieved at target or lower levels. The goals for 2005 are based on Earnings Per Share and Average Net Asset Turns for corporate participants.

³ Division participants' awards are based on corporate goals and goals applicable to their respective division, and are based on controllable profit contribution and current asset turns.

⁴ Amounts shown for Performance Share Awards for the three year award term of fiscal 2005 through 2007 are the maximum number of shares that could be shown, if performance goals are achieved at maximum levels, and are subject to reduction, including to zero. If performance goals are achieved at the target level, the payout would be 50% of the maximum level. The goals for this award term are based on Cumulative Average Net Assets Turns and Cumulative Net Income Plus After-Tax Interest.

Officer

Nonqualified Stock Option Agreement The Toro Company 2000 Stock Option Plan

This agreement is entered into as of December 2, 2004, by and between The Toro Company, a Delaware corporation, (the “Company” or “Toro”), and (the “Employee” or “you”), to set forth the terms and conditions of the grant to you under The Toro Company 2000 Stock Option Plan (the “Plan”) of a nonqualified option to purchase shares of Common Stock, at an exercise price of per share, the fair market value of the Common Stock on December 2, 2004, the date of grant.

1. **Term:** The term of the option shall be ten years, commencing December 2, 2004. This option cannot be exercised after December 2, 2014.
2. **Vesting:** This option is subject to forfeiture until it vests. Subject to the terms and conditions of Section 3, the option shall vest and become exercisable in three approximately equal installments on each of the first, second and third anniversaries after the date of grant.
3. **Exercise:** Subject to the vesting requirements of Section 2 and except as otherwise provided in this section, only you may exercise the option and you may exercise the option in whole or in part only while you are an employee of the Company or a parent or subsidiary of the Company and only if you have been continuously employed since the date of grant, except as follows:
 - (a) If you become disabled, your option will vest immediately upon termination of employment and you or your guardian or legal representative may exercise the option not later than the earlier of the date the option expires or one year after the date your employment ceases by reason of such disability, but only if the option has not expired on the date you terminate employment because of your disability.
 - (b) If you die, your option will vest immediately, and your legal representatives, heirs or legatees may exercise the option not later than the earlier of the date it expires or one year after the date of your death, but only if the option has not expired at the time of your death; and
 - (c) Except as may be provided otherwise in Section 3(d) if you cease to be an employee for any reason other than death or disability, you may exercise the vested portion, if any, of the option for up to three months after the date of termination of employment but not later than the date the option expires and any unvested portion of the option will be canceled on the date of such termination of employment.
 - (d) If you cease to be an employee by reason of retirement as defined in this Section 3(d), the vested portion of this option will remain outstanding and exercisable for up to four years after the date of your retirement, but not later than the date the option expires. For purposes of this Section 3(d) and Section 3(c), “retirement” shall mean either: (i) termination of employment with Toro at an age and with a number of years of service to the Company which, when added together, equal at least 65 or (ii) termination of employment with Toro at or after age 55, whichever is applicable, and more beneficial to you; provided, however, that if you rely on 3 (d) (ii), and at any time before your option expires, you are employed or retained to render services, or assume responsibilities, similar to those of the Toro position from which you retire, your option shall be canceled and shall automatically expire and be forfeited.
 - (e) Your absence on leave or any other interruption in your performance of services, if approved by the Company’s Compensation & Human Resources Committee, will not be deemed a cessation or interruption of employment for purposes of the Plan.
4. **No Transfer:** You may not transfer the option other than by will or the laws of descent and distribution.
5. **Non-Compete:** Notwithstanding any other provision of this agreement, if within one year after your termination of employment with or performance of services for the Company, including by reason of retirement you (a) are employed or retained or render services to any organization that directly or indirectly competes with or becomes competitive with the Company, or if the rendering of such services is prejudicial to or in conflict with the interests of Toro, or (b) you violate any confidentiality agreement, or agreement governing the ownership or assignment of intellectual property rights with the Company or (c) you engage in any other conduct or act determined to be injurious, detrimental or prejudicial to any interest of the Company, the Company may cancel and rescind all options you may then hold, including this option, and shall have the right to the return of the economic value of any option you realized or obtained (measured at the date of exercise) at any time during the period beginning on the date twelve months prior to the date of termination to the date of the last exercise, provided that this provision shall not be applicable in the event of a Change of Control.
6. **Change of Control:** The option will vest if there is a Change of Control of the Company, as defined in the Plan, as in effect at the date of such event, and will remain exercisable for three years following the Change of Control, but not later than the date the option expires.
7. **Methods of Exercise:** In order to exercise the option, you must deliver to the Secretary or Assistant Secretary of Toro a written notice of exercise specifying the number of whole shares with respect to which an option is being exercised, accompanied by payment in full of the exercise price for the shares to be purchased. Payment may be made in (a) cash, (b) by tendering (either actually or by attestation) shares of Common Stock already owned for at least six months, valued at the 4 p.m. Eastern Time closing price on the date of exercise (or if a holiday, the most recent such closing price), (c) in a combination of cash and Common Stock, or (d) by tendering a notice of exercise of options and irrevocable instructions to a brokerage firm and the Company for execution of a cashless exercise in accordance with the terms of the Plan and regulations of the Federal Reserve Board. Other methods of exercise may be permitted in the sole discretion of the Compensation Committee if permitted under the Plan, under the Code, and regulations thereunder, and under the Securities Exchange Act of 1934.
8. **Issuance of Stock:** No shares of Common Stock shall be issued until full payment has been made.
9. **Adjustments for Corporate Transactions:** The exercise price per share of Common Stock or the number of shares of Common

Stock or other new or different securities that may be acquired upon exercise of each option will be adjusted in the event of a corporate transaction in accordance with the Plan in order to protect the value of these options

10. **General Restriction:** If at any time the Board of Directors shall determine in its discretion that the listing, registration or qualification of the Common Stock subject to the option on any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the issue or purchase of Common Stock hereunder, the option may be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board.

11. **Tax Withholding:** Toro has the right to deduct from any settlement made upon exercise of the option or the sale of shares of Common Stock acquired upon exercise of the option, any federal, state or local taxes of any kind required by law to be withheld with respect to income recognized or to require you to pay the amount of any such taxes or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for payment of such taxes. If Common Stock is withheld or surrendered to satisfy tax withholding, such stock will be valued at its fair market value as of the date it is withheld or surrendered. Toro may also deduct from any such settlement any amounts you may owe the Company.

12. **Governing Law:** This Agreement shall be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation to the substantive law of another jurisdiction.

13. **Conflict:** To the extent the terms of this agreement are inconsistent with the provisions of the Plan, the provisions of the Plan shall control and supersede any inconsistent provision of this agreement.

IN WITNESS WHEREOF, this option agreement has been executed and delivered by The Toro Company.

Dated: .

By:

Its Chairman and CEO

I hereby agree to the terms and conditions governing the option grant made to me by Toro as set forth in this agreement.

THE TORO COMPANY

PERFORMANCE SHARE AWARD AGREEMENT

This Agreement is entered into as of December 2, 2004, by and between (“Employee” or “you”) and The Toro Company, a Delaware corporation (“Toro” or “we”), to set forth the terms and conditions of a Performance Share Award granted to you by the Compensation and Human Resources Committee of the Board of Directors of Toro (the “Committee”) pursuant to The Toro Company Performance Share Plan (the “Plan”).

1. Performance Share Award. Toro hereby grants you Performance Shares (your “Maximum Potential Payout”) for Fiscal Years 2005 to 2007 (the “Award Term”), subject to the terms and conditions of this Agreement and of the Plan and to your consent to those terms and conditions.

a. Performance Share Definition. A Performance Share is a right to receive one share of Toro Common Stock, par value \$1.00 per share, and Preferred Share Purchase Rights attached thereto, (the “Common Stock”), contingent on the achievement of Performance Goals.

b. Performance Goal Achievement Required. You will receive shares of Common Stock for Performance Shares under this Performance Share Award only if Toro achieves Performance Goals for the Award Term established by the Committee and the Committee certifies in writing that the Performance Goals have been achieved. If the Performance Goals are not achieved, a portion or all of your Performance Shares will be canceled and you will receive no Common Stock for canceled shares.

c. Performance Goals. The Performance Goals to be achieved with respect to the Award Term are cumulative net income plus after-tax interest of and cumulative average net asset turns of (the “Target Levels”).

2. Number of Shares Delivered. If the Performance Goals are achieved at the Target Levels, you will receive shares of Common Stock (your “Target Payout”). If the Performance Goals are achieved at levels above or below the Target Levels, the number of shares of Common Stock you will receive will be increased or reduced, including to zero, in accordance with the matrix set forth in Exhibit __, which is attached to and forms a part of this Agreement, subject further to adjustment and proration as provided in the Plan and the Committee’s resolutions of December 2, 2004. You may not receive a greater number of shares of Common Stock than your Maximum Potential Payout.

3. Payment of Awards. Performance Shares payable to you will be paid solely in shares of Common Stock.

4. Vesting and Cancellation Under Special Circumstances.

a. Death or Disability. If you retire at or after age 65 or die or become permanently disabled and unable to work, shares of Common Stock will be delivered with respect to your Performance Share Award only if otherwise earned and the number of shares to be delivered will be prorated based on the number of days you were employed during the Award Term through the date of such event. Such shares will be delivered only after the conclusion of the Award Term.

b. Retirement. In the event you cease to be an employee by reason of retirement (as defined in the Plan) prior to the end of the Award Term, but after the conclusion of not less than 33% of the Award Term, the Committee may, in its sole discretion and subject to the provisions of paragraph 3.e.(ii) and paragraph 3.e.(ii)(A) of the Plan, cause shares of Common Stock to be delivered with respect to this Performance Share Award, but only if otherwise earned and only with respect to the portion of the applicable Award Term completed at the date of retirement.

i. Non-compete. If within one year after such retirement or after the shares are delivered pursuant to paragraph 3.e.(ii) of the Plan, you engage in any conduct specified in paragraph 3.e.(ii)(A) of the Plan, Toro may rescind or restrict the special vesting under paragraph 3.e.(ii) or withhold or have the right to the return of the economic value of the Performance Shares that vested under this provision of this Agreement and paragraph 3.e.(ii) of the Plan, except in the event of a Change of Control.

c. Other Termination. In the event that you terminate employment other than by reason of death, disability or retirement as provided in paragraphs 3.e.(i) and 3.e.(ii) of the Plan, Performance Shares in your name that have not yet vested shall not vest and shall be canceled.

d. Change of Control. Notwithstanding any other provision of this Agreement, all Performance Shares that have not yet vested shall vest and become immediately payable if there is a Change of Control of Toro, as defined in the Plan.

e. Scale Back. The Committee may, in its discretion, cancel a portion of the Performance Shares covered by this Agreement prior to the conclusion of the Award Term, if the Committee determines that the Performance Goals for the Award Term cannot be achieved at the maximum levels established, in accordance with paragraph 3.e.(v) of the Plan.

5. Dividends and Voting. You will have no rights as a stockholder with respect to Performance Shares unless and until Common Stock is issued in settlement of this award. Except as expressly provided in the Plan, no adjustments will be made

for dividends or other rights for which the record date is prior to issuance of the Common Stock.

6. **Non-transferability.** Neither your Performance Shares nor this Performance Share Award nor any interest in the shares or award may be anticipated, alienated, encumbered, sold, pledged, assigned, transferred or subjected to any charge or legal process, other than by will or the laws of descent and distribution, so long as the Performance Shares have not vested and shares of Common Stock have not been distributed in accordance with the Plan, and any sale, pledge, assignment or other attempted transfer shall be null and void.
7. **Successors and Heirs.** This Agreement shall be binding upon and inure to the benefit of Toro and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of Toro's assets and business. In the event of your death, any shares of Common Stock to which you may become entitled will be delivered to your heirs or personal representative in accordance with the terms of the Plan.
8. **Governing Law.** This Performance Share Award Agreement and the Performance Shares will be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this agreement, the Plan, the award or the Performance Shares to the substantive law of another jurisdiction.
9. **Tax Withholding.** Toro has the right to deduct from any award payment made under this Agreement or to require you to pay the amount of any federal, state or local taxes of any kind required by law to be withheld with respect to the grant, vesting, payment or settlement of an award under this Agreement, or to take such other action as may be necessary in the opinion of Toro to satisfy all obligations for the payment of such taxes. If Common Stock is withheld or surrendered to satisfy tax withholding, such stock will be valued at fair market value as of the date such Common Stock is withheld or surrendered. Toro may also deduct from any award payment any other amounts due by you to Toro.
10. **Miscellaneous.** Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan. In accordance with the Plan, all decisions of the Committee shall be final and binding upon you and Toro.

IN WITNESS WHEREOF, this Performance Share Award Agreement has been executed and delivered by Toro on the terms and conditions set forth above.

THE TORO COMPANY

By:
Its: Chairman and CEO

I hereby agree to the terms and conditions of this Performance Share Award Agreement as a condition to the grant made to me.

Employee