
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended February 3, 2017

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period from to

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 55420
Telephone Number: (952) 888-8801**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The number of shares of the registrant's common stock outstanding as of March 1, 2017 was 107,582,096.

**THE TORO COMPANY
INDEX TO FORM 10-Q**

Page Number

PART I. **FINANCIAL INFORMATION:**

Item 1. **Financial Statements**

[Condensed Consolidated Statements of Earnings \(Unaudited\)](#) 3

[Condensed Consolidated Statements of Comprehensive Income \(Unaudited\)](#) 3

[Condensed Consolidated Balance Sheets \(Unaudited\)](#) 4

[Condensed Consolidated Statements of Cash Flows \(Unaudited\)](#) 5

[Notes to Condensed Consolidated Financial Statements \(Unaudited\)](#) 6

Item 2. **Management's Discussion and Analysis of Financial Condition and Results of Operations** 17

Item 3. **Quantitative and Qualitative Disclosures about Market Risk** 26

Item 4. **Controls and Procedures** 27

PART II. **OTHER INFORMATION:**

Item 1. **Legal Proceedings** 28

Item 1A. **Risk Factors** 28

Item 2. **Unregistered Sales of Equity Securities and Use of Proceeds** 28

Item 6. **Exhibits** 29

[Signatures](#) 32

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****THE TORO COMPANY AND SUBSIDIARIES****Condensed Consolidated Statements of Earnings (Unaudited)**

(Dollars and shares in thousands, except per share data)

	Three Months Ended	
	February 3, 2017	January 29, 2016
Net sales	\$ 515,839	\$ 486,398
Cost of sales	322,359	303,744
Gross profit	193,480	182,654
Selling, general, and administrative expense	132,910	128,815
Operating earnings	60,570	53,839
Interest expense	(4,883)	(4,654)
Other income, net	3,866	4,512
Earnings before income taxes	59,553	53,697
Provision for income taxes	14,563	14,436
Net earnings	44,990	39,261
Basic net earnings per share of common stock	\$ 0.41	\$ 0.36
Diluted net earnings per share of common stock	\$ 0.41	\$ 0.35
Weighted-average number of shares of common stock outstanding — Basic	108,627	110,029
Weighted-average number of shares of common stock outstanding — Diluted	110,774	112,326

Shares and per share data have been adjusted for all periods presented to reflect a two-for-one stock split effective September 16, 2016.

See accompanying Notes to Condensed Consolidated Financial Statements.

THE TORO COMPANY AND SUBSIDIARIES**Condensed Consolidated Statements of Comprehensive Income (Unaudited)**

(Dollars in thousands)

	Three Months Ended	
	February 3, 2017	January 29, 2016
Net earnings	\$ 44,990	\$ 39,261
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	117	(4,791)
Derivative instruments, net of tax of \$285 and \$338, respectively	221	(1,059)
Other comprehensive income (loss)	338	(5,850)
Comprehensive income	\$ 45,328	\$ 33,411

See accompanying Notes to Condensed Consolidated Financial Statements.

THE TORO COMPANY AND SUBSIDIARIES
Condensed Consolidated Balance Sheets (Unaudited)
(Dollars in thousands, except per share data)

	February 3, 2017	January 29, 2016	October 31, 2016
ASSETS			
Cash and cash equivalents	\$ 158,893	\$ 118,140	\$ 273,555
Receivables, net	183,850	190,297	163,265
Inventories, net	402,103	422,036	307,034
Prepaid expenses and other current assets	36,470	36,983	35,155
Total current assets	781,316	767,456	779,009
Property, plant, and equipment, gross	855,826	811,222	838,036
Less accumulated depreciation	628,909	589,699	615,998
Property, plant, and equipment, net	226,917	221,523	222,038
Long-term deferred income taxes	56,864	66,000	57,228
Other assets	25,788	24,352	23,422
Goodwill	201,246	195,222	194,782
Other intangible assets, net	110,782	116,123	108,093
Total assets	\$ 1,402,913	\$ 1,390,676	\$ 1,384,572
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of long-term debt	\$ 22,960	\$ 23,398	\$ 22,484
Short-term debt	—	52,912	—
Accounts payable	232,440	211,216	174,668
Accrued liabilities	263,724	262,888	266,687
Total current liabilities	519,124	550,414	463,839
Long-term debt, less current portion	315,314	337,969	328,477
Deferred revenue	25,172	11,246	11,830
Other long-term liabilities	30,267	31,118	30,391
Stockholders' equity:			
Preferred stock, par value \$1.00 per share, authorized 1,000,000 voting and 850,000 non-voting shares, none issued and outstanding	—	—	—
Common stock, par value \$1.00 per share, authorized 175,000,000 shares; issued and outstanding 107,575,440 shares as of February 3, 2017, 108,965,108 shares as of January 29, 2016, and 108,427,393 shares as of October 31, 2016	107,575	108,965	108,427
Retained earnings	443,559	386,657	480,044
Accumulated other comprehensive loss	(38,098)	(35,693)	(38,436)
Total stockholders' equity	513,036	459,929	550,035
Total liabilities and stockholders' equity	\$ 1,402,913	\$ 1,390,676	\$ 1,384,572

Shares and per share data have been adjusted for all periods presented to reflect a two-for-one stock split effective September 16, 2016.

See accompanying Notes to Condensed Consolidated Financial Statements.

THE TORO COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in thousands)

	Three Months Ended	
	February 3, 2017	January 29, 2016
Cash flows from operating activities:		
Net earnings	\$ 44,990	\$ 39,261
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Non-cash income from finance affiliate	(1,943)	(1,878)
Provision for depreciation, amortization, and impairment loss	16,516	15,741
Stock-based compensation expense	3,618	2,477
Decrease in deferred income taxes	393	—
Other	(98)	(464)
Changes in operating assets and liabilities, net of effect of acquisitions:		
Receivables, net	(19,380)	(12,614)
Inventories, net	(90,560)	(92,918)
Prepaid expenses and other assets	(4,272)	(4,655)
Accounts payable, accrued liabilities, deferred revenue, and other long-term liabilities	66,128	59,581
Net cash provided by operating activities	15,392	4,531
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(11,620)	(10,680)
Proceeds from asset disposals	—	60
Distributions from finance affiliate, net	(98)	765
Proceeds from sale of a business	—	1,500
Acquisition, net of cash acquired	(23,882)	—
Net cash (used in) investing activities	(35,600)	(8,355)
Cash flows from financing activities:		
Increase in short-term debt	—	51,789
Repayments of long-term debt	(12,702)	(13,371)
Proceeds from exercise of stock options	3,128	2,495
Purchases of Toro common stock	(67,718)	(27,485)
Dividends paid on Toro common stock	(18,994)	(16,496)
Net cash (used in) financing activities	(96,286)	(3,068)
Effect of exchange rates on cash and cash equivalents	1,832	(1,243)
Net (decrease) in cash and cash equivalents	(114,662)	(8,135)
Cash and cash equivalents as of the beginning of the fiscal period	273,555	126,275
Cash and cash equivalents as of the end of the fiscal period	\$ 158,893	\$ 118,140

See accompanying Notes to Condensed Consolidated Financial Statements.

THE TORO COMPANY AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

February 3, 2017

Note 1 — Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all the information and notes required by U.S. generally accepted accounting principles ("U.S. GAAP") for complete financial statements. Unless the context indicates otherwise, the terms "company" and "Toro" refer to The Toro Company and its consolidated subsidiaries. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments, consisting primarily of recurring accruals, considered necessary for a fair presentation of the financial position and results of operations. Since the company's business is seasonal, operating results for the three months ended February 3, 2017, cannot be annualized to determine the expected results for the fiscal year ending October 31, 2017.

The company's fiscal year ends on October 31, and quarterly results are reported based on three-month periods that generally end on the Friday closest to the quarter end. For comparative purposes, however, the company's second and third quarters always include exactly 13 weeks of results so that the quarter end date for these two quarters is not necessarily the Friday closest to the calendar month end.

For further information, refer to the consolidated financial statements and notes included in the company's Annual Report on Form 10-K for the fiscal year ended October 31, 2016. The policies described in that report are used for preparing quarterly reports.

Accounting Policies

In preparing the consolidated financial statements in conformity with U.S. GAAP, management must make decisions that impact the reported amounts of assets, liabilities, revenues, expenses, and the related disclosures, including disclosures of contingent assets and liabilities. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. Estimates are used in determining, among other items, sales promotion and incentive accruals, incentive compensation accruals, inventory valuation, warranty reserves, earn-out liabilities, allowance for doubtful accounts, pension and postretirement accruals, self-insurance accruals, useful lives for tangible and intangible assets, and future cash flows associated with impairment testing for goodwill and other long-lived assets. These estimates and assumptions are based on management's best estimates and judgments at the time they are made. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances, including the current economic environment. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with certainty, actual amounts could differ significantly from those estimated at the time the consolidated financial statements are prepared. Changes in those estimates will be reflected in the consolidated financial statements in future periods.

New Accounting Pronouncements Adopted

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This amended guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability. This amended guidance was retrospectively adopted in the first quarter of fiscal 2017. Prior periods have been retrospectively adjusted for the adoption of this amended guidance and are reclassified in the consolidated balance sheets presentation as a direct deduction from the carrying amount of the related debt liability. The adoption of this guidance did not have a material impact on the company's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. This amended guidance requires customers to determine whether or not an arrangement contains a software license element. If the arrangement contains a software element, the related fees paid should be accounted for as an acquisition of a software license. If the arrangement does not contain a software license, it is accounted for as a service contract. This amended guidance was adopted in the first quarter of fiscal 2017. The adoption of this guidance did not have an impact on the company's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Stock-based Compensation: Improvements to Employee Share-based Payment Accounting*. This amended guidance simplifies several aspects of the accounting for share-based payment transactions, including the accounting for income taxes, forfeitures, statutory tax withholding requirements, and statement of cash flow classification. The company elected to early adopt this amended guidance effective November 1, 2016, which is the first quarter of fiscal 2017.

The impact of the early adoption resulted in the following:

- The company recorded a discrete tax benefit of \$4.9 million related to the excess tax benefit on share-based awards within income tax expense for the three months ended February 3, 2017. Prior to the adoption of this standard, these tax benefits were included in additional paid-in capital on the consolidated balance sheets. Adoption of this standard could add increased volatility to the company's provision for income taxes mainly due to timing of stock option exercises, vesting of restricted stock units and common stock price.
- The company elected not to change its policy on accounting for forfeitures and will continue to estimate a requisite forfeiture rate.
- The company has elected to change its policy on tax withholding requirements and will allow participants to withhold up to the maximum statutory rate prospectively on new awards. As of November 1, 2016, the company did not have any outstanding liabilities on awards which would require a cumulative-effect adjustment to retained earnings.
- The company no longer presents the cash received from excess tax benefits within cash flows from financing activities as this benefit is now reflected within cash flows from operating activities in the consolidated statements of cash flows. The company elected to apply this change retrospectively and the change resulted in a \$4.9 million and \$3.4 million increase in cash flows from operating activities for the three months ended February 3, 2017 and January 29, 2016, respectively.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. This amended guidance removes the prohibition against the immediate recognition of the current and deferred tax effects of intra-entity transfers of assets other than inventory. This amended guidance was early adopted in the first quarter of fiscal 2017 using a modified retrospective basis. The company recorded a cumulative effect adjustment to the beginning balance of its retained earnings in the first quarter of fiscal 2017 for remaining unamortized deferred tax expense of intra-entity transfers of fixed assets totaling \$2.4 million.

Note 2 — Acquisition

Effective January 1, 2017, during the first quarter of fiscal 2017, the company completed the acquisition of all the outstanding shares of Regnerbau Calw GmbH (Perrot), a privately held manufacturer of professional irrigation equipment. The addition of these products broadens and strengthens the company's irrigation solutions for the sport, agricultural, and industrial markets. The acquisition was funded with existing foreign cash and cash equivalents.

The purchase price of this acquisition was allocated to the identifiable assets acquired and liabilities assumed based on estimates of their fair value, with the excess purchase price recorded as goodwill. As of February 3, 2017, the company has not yet finalized the purchase accounting for the acquisition, but expects to finalize such purchase accounting in fiscal 2017. This acquisition was immaterial based on the company's consolidated financial condition and results of operations.

Note 3 — Investment in Joint Venture

In fiscal 2009, the company and TCF Inventory Finance, Inc. ("TCFIF"), a subsidiary of TCF National Bank, established Red Iron Acceptance, LLC ("Red Iron"), a joint venture in the form of a Delaware limited liability company that primarily provides inventory financing to certain distributors and dealers of the company's products in the U.S. On November 29, 2016, the company entered into amended agreements for its Red Iron joint venture with TCFIF. As a result, the amended term of Red Iron will continue until October 31, 2024, subject to two-year extensions thereafter. Either the company or TCFIF may elect not to extend the amended term or any subsequent term by giving one-year written notice to the other party.

The company owns 45 percent of Red Iron and TCFIF owns 55 percent of Red Iron. The company accounts for its investment in Red Iron under the equity method of accounting. The company and TCFIF each contributed a specified amount of the estimated cash required to enable Red Iron to purchase the company's inventory financing receivables and to provide financial support for Red Iron's inventory financing programs. Red Iron borrows the remaining requisite estimated cash utilizing a \$550 million secured revolving credit facility established under a credit agreement between Red Iron and TCFIF. The company's total investment in Red Iron as of February 3, 2017 was \$20.8 million. The company has not guaranteed the outstanding indebtedness of Red Iron. The company has agreed to repurchase products repossessed by Red Iron and the TCFIF Canadian affiliate, up to a maximum aggregate amount of \$7.5 million in a calendar year.

Under the repurchase agreement between Red Iron and the company, Red Iron provides financing for certain dealers and distributors. These transactions are structured as an advance in the form of a payment by Red Iron to the company on behalf of a distributor or dealer with respect to invoices financed by Red Iron. These payments extinguish the obligation of the dealer or distributor to make payment to the company under the terms of the applicable invoice. Under separate agreements between Red Iron and the

dealers and distributors, Red Iron provides loans to the dealers and distributors for the advances paid by Red Iron to the company. The net amount of receivables financed for dealers and distributors under this arrangement for the three months ended February 3, 2017 and January 29, 2016 was \$375.0 million and \$336.1 million, respectively.

As of January 31, 2017, Red Iron's total assets were \$403.0 million and total liabilities were \$356.9 million.

Note 4 — Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined by the last-in, first-out ("LIFO") method for most inventories and first-in, first-out ("FIFO") method for all other inventories. The company establishes a reserve for excess, slow-moving, and obsolete inventory that is equal to the difference between the cost and estimated net realizable value for that inventory. These reserves are based on a review and comparison of current inventory levels to the planned production, as well as planned and historical sales of the inventory.

Inventories were as follows:

(Dollars in thousands)	February 3, 2017	January 29, 2016	October 31, 2016
Raw materials and work in process	\$ 107,170	\$ 115,373	\$ 90,463
Finished goods and service parts	353,290	370,703	274,929
Total FIFO value	460,460	486,076	365,392
Less: adjustment to LIFO value	58,357	64,040	58,358
Total inventories, net	\$ 402,103	\$ 422,036	\$ 307,034

Note 5 — Goodwill and Other Intangible Assets

The changes in the net carrying amount of goodwill for the first three months of fiscal 2017 were as follows:

(Dollars in thousands)	Professional Segment	Residential Segment	Total
Balance as of October 31, 2016	\$ 184,338	\$ 10,444	\$ 194,782
Goodwill acquired	6,151	—	6,151
Translation adjustments	268	45	313
Balance as of February 3, 2017	\$ 190,757	\$ 10,489	\$ 201,246

The components of other intangible assets as of February 3, 2017 were as follows:

(Dollars in thousands)	Gross Carrying Amount	Accumulated Amortization	Net
Patents	\$ 15,142	\$ (11,040)	\$ 4,102
Non-compete agreements	6,879	(6,742)	137
Customer-related	87,285	(15,517)	71,768
Developed technology	30,058	(24,519)	5,539
Trade names	29,469	(4,575)	24,894
Other	800	(800)	—
Total amortizable	169,633	(63,193)	106,440
Non-amortizable - trade names	4,342	—	4,342
Total other intangible assets, net	\$ 173,975	\$ (63,193)	\$ 110,782

The components of other intangible assets as of October 31, 2016 were as follows:

(Dollars in thousands)	Gross Carrying Amount	Accumulated Amortization	Net
Patents	\$ 15,151	\$ (10,866)	\$ 4,285
Non-compete agreements	6,886	(6,681)	205
Customer-related	84,353	(14,434)	69,919
Developed technology	28,648	(23,712)	4,936
Trade names	28,715	(4,235)	24,480
Other	800	(800)	—
Total amortizable	164,553	(60,728)	103,825
Non-amortizable - trade names	4,268	—	4,268
Total other intangible assets, net	\$ 168,821	\$ (60,728)	\$ 108,093

Amortization expense for intangible assets during the first three months of fiscal 2017 was \$2.4 million, compared to \$3.2 million for the same period last fiscal year. Estimated amortization expense for the remainder of fiscal 2017 and succeeding fiscal years is as follows: fiscal 2017 (remainder), \$7.5 million; fiscal 2018, \$8.0 million; fiscal 2019, \$7.1 million; fiscal 2020, \$6.5 million; fiscal 2021, \$6.1 million; fiscal 2022, \$6.0 million; and after fiscal 2022, \$65.2 million.

Note 6 — Stockholders' Equity

Accumulated Other Comprehensive Loss

Components of accumulated other comprehensive loss ("AOCL"), net of tax, are as follows:

(Dollars in thousands)	February 3, 2017	January 29, 2016	October 31, 2016
Foreign currency translation adjustments	\$ 31,177	\$ 29,393	\$ 31,430
Pension and post-retirement benefits	6,495	5,112	6,359
Derivative instruments	426	1,188	647
Total accumulated other comprehensive loss	\$ 38,098	\$ 35,693	\$ 38,436

The components and activity of AOCL for the first three months of fiscal 2017 are as follows:

(Dollars in thousands)	Foreign Currency Translation Adjustments	Pension and Postretirement Benefits	Cash Flow Derivative Instruments	Total
Balance as of October 31, 2016	\$ 31,430	\$ 6,359	\$ 647	\$ 38,436
Other comprehensive loss (income) before reclassifications	(253)	136	102	(15)
Amounts reclassified from AOCL	—	—	(323)	(323)
Net current period other comprehensive loss (income)	(253)	136	(221)	(338)
Balance as of February 3, 2017	\$ 31,177	\$ 6,495	\$ 426	\$ 38,098

The components and activity of AOCL for the first three months of fiscal 2016 are as follows:

(Dollars in thousands)	Foreign Currency Translation Adjustments	Pension and Postretirement Benefits	Cash Flow Derivative Instruments	Total
Balance as of October 31, 2015	\$ 24,328	\$ 5,386	\$ 129	\$ 29,843
Other comprehensive loss (income) before reclassifications	5,065	(274)	165	4,956
Amounts reclassified from AOCL	—	—	894	894
Net current period other comprehensive loss (income)	5,065	(274)	1,059	5,850
Balance as of January 29, 2016	\$ 29,393	\$ 5,112	\$ 1,188	\$ 35,693

Note 7 — Stock-Based Compensation***Stock Option Awards***

Under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended and restated (the “2010 plan”), stock options are granted with an exercise price equal to the closing price of the company’s common stock on the date of grant, as reported by the New York Stock Exchange. Options are generally granted to executive officers, other employees, and non-employee members of the company’s Board of Directors on an annual basis in the first quarter of the company’s fiscal year. Options generally vest one-third each year over a three-year period and have a ten-year term. Other options granted to certain employees vest in full on the three-year anniversary of the date of grant and have a ten-year term. Compensation expense equal to the grant date fair value is generally recognized for these awards over the vesting period. Stock options granted to executive officers and other employees are subject to accelerated expensing if the option holder meets the retirement definition set forth in the 2010 plan. In that case, the fair value of the options is expensed in the fiscal year of grant because generally the option holder must be employed as of the end of the fiscal year in which the options are granted in order for the options to continue to vest following retirement. Similarly, if a non-employee director has served on the company’s Board of Directors for ten full fiscal years or more, the awards vest immediately upon retirement, and therefore, the fair value of the options granted is fully expensed on the date of the grant.

The fair value of each stock option is estimated on the date of grant using the Black-Scholes valuation method with the assumptions noted in the table below. The expected life is a significant assumption as it determines the period for which the risk-free interest rate, volatility, and dividend yield must be applied. The expected life is the average length of time in which executive officers, other employees, and non-employee directors are expected to exercise their stock options, which is primarily based on historical experience. Separate groups of employees and non-employee directors that have similar historical exercise behavior are considered separately for valuation purposes. Expected volatilities are based on the movement of the company’s common stock over the most recent historical period equivalent to the expected life of the option. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury rate over the expected life at the time of grant. Dividend yield is estimated over the expected life based on the company’s historical cash dividends paid, expected future cash dividends and dividend yield, and expected changes in the company’s stock price.

The following table illustrates the weighted-average valuation assumptions for options granted in the following fiscal periods:

	Fiscal 2017	Fiscal 2016
Expected life of option in years	6.02	5.98
Expected stock price volatility	22.15%	24.06%
Risk-free interest rate	2.03%	1.81%
Expected dividend yield	1.01%	1.24%
Weighted-average fair value at date of grant	\$12.55	\$8.79

Performance Share Awards

Under the 2010 Plan, the company grants performance share awards to executive officers and other employees under which they are entitled to receive shares of the company’s common stock contingent on the achievement of performance goals of the company and businesses of the company, which are generally measured over a three-year period. The number of shares of common stock a participant receives will be increased (up to 200 percent of target levels) or reduced (down to zero) based on the level of achievement of performance goals and vest at the end of a three-year period. Performance share awards are generally granted on an annual basis in the first quarter of the company’s fiscal year. Compensation expense is recognized for these awards on a straight-line basis over the vesting period based on the per share fair value as of the date of grant and the probability of achieving each performance goal. The per share fair value of performance share awards granted during the first three months of each of fiscal 2017 and 2016 was \$54.52 and \$38.89, respectively.

Restricted Stock and Restricted Stock Unit Awards

Under the 2010 plan, restricted stock and restricted stock unit awards are generally granted to certain employees that are not executive officers. Occasionally, restricted stock or restricted stock unit awards may be granted, including to executive officers, in connection with hiring, mid-year promotions, leadership transition, or retention. Restricted stock and restricted stock unit awards generally vest one-third each year over a three-year period, or vest in full on the three-year anniversary of the date of grant. Such awards may have performance-based rather than time-based vesting requirements. Compensation expense equal to the grant date fair value, which is equal to the closing price of the company’s common stock on the date of grant multiplied by the number of shares subject to the restricted stock and restricted stock unit awards, is recognized for these awards over the vesting period. The

per share weighted-average fair value of restricted stock unit awards granted during the first three months of fiscal 2017 and 2016 was \$56.67 and \$38.62, respectively.

Note 8 — Per Share Data

Reconciliations of basic and diluted weighted-average shares of common stock outstanding are as follows:

(Shares in thousands)	Three Months Ended	
	February 3, 2017	January 29, 2016
<i>Basic</i>		
Weighted-average number of shares of common stock	108,585	109,955
Assumed issuance of contingent shares	42	74
Weighted-average number of shares of common stock and assumed issuance of contingent shares	108,627	110,029
<i>Diluted</i>		
Weighted-average number of shares of common stock and assumed issuance of contingent shares	108,627	110,029
Effect of dilutive securities	2,147	2,297
Weighted-average number of shares of common stock, assumed issuance of contingent shares, and effect of dilutive securities	110,774	112,326

Shares and per share data have been adjusted for all periods presented to reflect a two-for-one stock split effective September 16, 2016.

Incremental shares from options and restricted stock units are computed by the treasury stock method. Options to purchase 317,757 and 398,562 shares of common stock during the first three months of fiscal 2017 and 2016, respectively, were excluded from the diluted net earnings per share because they were anti-dilutive.

Note 9 — Segment Data

The presentation of segment information reflects the manner in which management organizes segments for making operating decisions and assessing performance. On this basis, the company has determined it has three reportable business segments: Professional, Residential, and Distribution. The Distribution segment, which consists of the company-owned domestic distributorship, has been combined with the company's corporate activities and elimination of intersegment revenues and expenses that is shown as "Other" in the following tables due to the insignificance of the segment.

The following table shows the summarized financial information concerning the company's reportable segments:

(Dollars in thousands)				
Three months ended February 3, 2017	Professional	Residential	Other	Total
Net sales	\$ 371,809	\$ 140,390	\$ 3,640	\$ 515,839
Intersegment gross sales	4,556	74	(4,630)	—
Earnings (loss) before income taxes	68,166	16,558	(25,171)	59,553
Total assets	854,384	243,145	305,384	1,402,913

(Dollars in thousands)				
Three months ended January 29, 2016	Professional	Residential	Other	Total
Net sales	\$ 338,836	\$ 144,284	\$ 3,278	\$ 486,398
Intersegment gross sales	5,717	68	(5,785)	—
Earnings (loss) before income taxes	61,592	16,739	(24,634)	53,697
Total assets	854,106	263,407	273,163	1,390,676

The following table summarizes the components of the loss before income taxes included in “Other” shown above:

(Dollars in thousands)	Three Months Ended	
	February 3, 2017	January 29, 2016
Corporate expenses	\$ (23,961)	\$ (24,783)
Interest expense, net	(4,883)	(4,654)
Other	3,673	4,803
Total	\$ (25,171)	\$ (24,634)

Note 10 — Contingencies — Litigation

The company is party to litigation in the ordinary course of business. Such matters are generally subject to uncertainties and to outcomes that are not predictable with assurance and that may not be known for extended periods of time. Litigation occasionally involves claims for punitive, as well as compensatory, damages arising out of the use of the company’s products. Although the company is self-insured to some extent, the company maintains insurance against certain product liability losses. The company is also subject to litigation and administrative and judicial proceedings with respect to claims involving asbestos and the discharge of hazardous substances into the environment. Some of these claims assert damages and liability for personal injury, remedial investigations or clean up and other costs and damages. The company is also typically involved in commercial disputes, employment disputes, and patent litigation cases in which it is asserting or defending against patent infringement claims. To prevent possible infringement of the company’s patents by others, the company periodically reviews competitors’ products. To avoid potential liability with respect to others’ patents, the company regularly reviews certain patents issued by the United States Patent and Trademark Office and foreign patent offices. Management believes these activities help minimize its risk of being a defendant in patent infringement litigation. The company is currently involved in patent litigation cases, including cases by or against competitors, where it is asserting and defending against claims of patent infringement. Such cases are at varying stages in the litigation process. The company records a liability in its consolidated financial statements for costs related to claims, including future legal costs, settlements and judgments, where the company has assessed that a loss is probable and an amount can be reasonably estimated. If the reasonable estimate of a probable loss is a range, the company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. The company discloses a contingent liability even if the liability is not probable or the amount is not estimable, or both, if there is a reasonable possibility that a material loss may have been incurred. In the opinion of management, the amount of liability, if any, with respect to these matters, individually or in the aggregate, will not materially affect its consolidated results of operations, financial position, or cash flows.

Note 11 — Warranty Guarantees

The company’s products are warranted to ensure customer confidence in design, workmanship, and overall quality. Warranty coverage is generally for specified periods of time and on select products’ hours of usage, and generally covers parts, labor, and other expenses for non-maintenance repairs. Warranty coverage generally does not cover operator abuse or improper use. An authorized company distributor or dealer must perform warranty work. Distributors and dealers submit claims for warranty reimbursement and are credited for the cost of repairs, labor, and other expenses as long as the repairs meet the company’s prescribed standards. Warranty expense is accrued at the time of sale based on the estimated number of products under warranty, historical average costs incurred to service warranty claims, the trend in the historical ratio of claims to sales, the historical length of time between the sale and resulting warranty claim, and other minor factors. Special warranty reserves are also accrued for major rework campaigns. Service support outside of the warranty period is provided by authorized distributors and dealers at the customer’s expense. The company sells extended warranty coverage on select products for a prescribed period after the original warranty period expires.

Warranty provisions, claims, and changes in estimates for the first three months of fiscal 2017 and 2016 were as follows:

(Dollars in thousands)	Three Months Ended	
	February 3, 2017	January 29, 2016
Beginning balance	\$ 72,158	\$ 70,734
Warranty provisions	9,615	8,940
Warranty claims	(9,794)	(8,527)
Changes in estimates	594	—
Ending balance	\$ 72,573	\$ 71,147

Note 12 — Derivative Instruments and Hedging Activities

The company is exposed to foreign currency exchange rate risk arising from transactions in the normal course of business, such as sales to third party customers, sales and loans to wholly owned foreign subsidiaries, foreign plant operations, and purchases from suppliers. The company actively manages the exposure of its foreign currency exchange rate market risk by entering into various hedging instruments, authorized under company policies that place controls on these activities, with counterparties that are highly rated financial institutions. The company's hedging activities primarily involves the use of forward currency contracts, that are intended to offset intercompany loan exposures. The company may also utilize cross currency swaps to offset intercompany loan exposures. The company uses derivative instruments only in an attempt to limit underlying exposure from foreign currency exchange rate fluctuations and to minimize earnings and cash flow volatility associated with foreign currency exchange rate fluctuations. Decisions on whether to use such contracts are primarily based on the amount of exposure to the currency involved and an assessment of the near-term market value for each currency. The company's policy does not allow the use of derivatives for trading or speculative purposes. The company also made an accounting policy election to use the portfolio exception with respect to measuring counterparty credit risk for derivative instruments, and to measure the fair value of a portfolio of financial assets and financial liabilities on the basis of the net open risk position with each counterparty. The company's primary currency exchange rate exposures are with the Euro, the Australian dollar, the Canadian dollar, the British pound, the Mexican peso, the Japanese yen, the Chinese Renminbi, and the Romanian New Leu against the U.S. dollar, as well as the Romanian New Leu against the Euro.

Cash flow hedges. The company recognizes all derivative instruments as either assets or liabilities at fair value on the consolidated balance sheet and formally documents relationships between cash flow hedging instruments and hedged transactions, as well as its risk-management objective and strategy for undertaking hedge transactions. This process includes linking all derivatives to the forecasted transactions, such as sales to third parties, foreign plant operations, and purchases from suppliers. Changes in fair values of outstanding cash flow hedge derivatives, except the ineffective portion, are recorded in other comprehensive income ("OCI"), until net earnings is affected by the variability of cash flows of the hedged transaction. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in net earnings. The consolidated statements of earnings classification of effective hedge results is the same as that of the underlying exposure. Results of hedges of sales and foreign plant operations are recorded in net sales and cost of sales, respectively, when the underlying hedged transaction affects net earnings. The maximum amount of time the company hedges its exposure to the variability in future cash flows for forecasted trade sales and purchases is two years. Results of hedges of intercompany loans are recorded in other income, net as an offset to the remeasurement of the foreign loan balance.

The company formally assesses, at a hedge's inception and on an ongoing basis, whether the derivatives that are designated as hedges have been highly effective in offsetting changes in the cash flows of the hedged transactions and whether those derivatives may be expected to remain highly effective in future periods. When it is determined that a derivative is not, or has ceased to be, highly effective as a hedge, the company discontinues hedge accounting prospectively. When the company discontinues hedge accounting because it is no longer probable, but it is still reasonably possible that the forecasted transaction will occur by the end of the originally expected period or within an additional two-month period of time thereafter, the gain or loss on the derivative remains in AOCL and is reclassified to net earnings when the forecasted transaction affects net earnings. However, if it is probable that a forecasted transaction will not occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses that were in AOCL are recognized immediately in net earnings. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the company carries the derivative at its fair value on the consolidated balance sheets, recognizing future changes in the fair value in other income, net. For the first quarter of fiscal 2017, there were immaterial losses on forward contracts reclassified into earnings as a result of the discontinuance of cash flow hedges. As of February 3, 2017, the notional amount outstanding of forward contracts designated as cash flow hedges was \$104.2 million.

Derivatives not designated as hedging instruments. The company also enters into foreign currency contracts that include forward currency contracts to mitigate the remeasurement of specific assets and liabilities on the consolidated balance sheet. These contracts are not designated as hedging instruments. Accordingly, changes in the fair value of hedges of recorded balance sheet positions, such as cash, receivables, payables, intercompany notes, and other various contractual claims to pay or receive foreign currencies other than the functional currency, are recognized immediately in other income, net, on the consolidated statements of earnings together with the transaction gain or loss from the hedged balance sheet position.

The following table presents the fair value of the company's derivatives and consolidated balance sheet location.

(Dollars in thousands)	Fair Value at February 3, 2017	Fair Value at January 29, 2016	Fair Value at October 31, 2016
Asset Derivatives			
<i>Derivatives Designated as Hedging Instruments</i>			
Prepaid expenses and other current assets			
Forward currency contracts	\$ 1,552	\$ 3,393	\$ 1,535
Cross currency contract	—	142	—
<i>Derivatives Not Designated as Hedging Instruments</i>			
Prepaid expenses and other current assets			
Forward currency contracts	795	1,347	432
Cross currency contract	—	2,218	—
Total Assets	\$ 2,347	\$ 7,100	\$ 1,967
Liability Derivatives			
<i>Derivatives Designated as Hedging Instruments</i>			
Accrued liabilities			
Forward currency contracts	\$ 1,363	\$ 2,967	\$ 973
<i>Derivatives Not Designated as Hedging Instruments</i>			
Accrued liabilities			
Forward currency contracts	141	235	792
Total Liabilities	\$ 1,504	\$ 3,202	\$ 1,765

The following table presents the impact of derivative instruments on the consolidated statements of earnings for the company's derivatives designated as cash flow hedging instruments for the three months ended February 3, 2017 and January 29, 2016, respectively.

	Effective Portion				Ineffective Portion and excluded from Effectiveness Testing			
	Gain (Loss) Recognized in OCI on Derivatives		Location of Gain (Loss) Reclassified from AOCL into Income	Gain (Loss) Reclassified from AOCL into Income		Location of Gain (Loss) Recognized in Income on Derivatives	Gain (Loss) Recognized in Income on Derivatives	
(Dollars in thousands)	February 3, 2017	January 29, 2016		February 3, 2017	January 29, 2016		February 3, 2017	January 29, 2016
For the three months ended								
Forward currency contracts	\$ (372)	\$ 565	Net sales	\$ 439	\$ 1,080	Other income, net	\$ 397	\$ (12)
Forward currency contracts	(152)	(1,659)	Cost of sales	(762)	(314)			
Cross currency contracts	—	34	Other income, net	—	128			
Total derivatives designated as cash flow hedges	\$ (524)	\$ (1,060)	Total	\$ (323)	\$ 894	Total	\$ 397	\$ (12)

As of February 3, 2017, the company expects to reclassify approximately \$0.3 million of losses from AOCL to earnings during the next twelve months.

The following table presents the gain/(loss) of derivative instruments on the consolidated statements of earnings for the company's derivatives not designated as hedging instruments.

(Dollars in thousands)	Location of Gain (Loss)	Three Months Ended	
		February 3, 2017	January 29, 2016
Forward currency contracts	Other income, net	\$ 1,144	\$ 1,337
Cross currency contracts	Other income, net	—	130
Total derivatives not designated as hedges		\$ 1,144	\$ 1,467

The company entered into an International Swap Dealers Association ("ISDA") Master Agreement with each counterparty that permits the net settlement of amounts owed under their respective contracts. The ISDA Master Agreement is an industry standardized contract that governs all derivative contracts entered into between the company and the respective counterparty. Under these master netting agreements, net settlement generally permits the company or the counterparty to determine the net amount payable or receivable for contracts due on the same date or in the same currency for similar types of derivative transactions. The company records the fair value of its derivative contracts at the net amount in its consolidated balance sheets.

The following table shows the effects of the master netting arrangements on the fair value of the company's derivative contracts that are recorded in the consolidated balance sheets:

(Dollars in thousands)	February 3, 2017	January 29, 2016	October 31, 2016
Assets			
<i>Forward currency contracts</i>			
Gross Amounts of Recognized Assets	\$ 2,347	\$ 4,740	\$ 2,264
Gross Liabilities Offset in the Balance Sheets	—	—	(297)
Net Amounts of Assets Presented in the Balance Sheets	2,347	4,740	1,967
<i>Cross currency contracts</i>			
Gross Amounts of Recognized Assets	—	2,360	—
Net Amounts of Assets Presented in the Balance Sheets	—	2,360	—
Total Assets	\$ 2,347	\$ 7,100	\$ 1,967
Liabilities			
<i>Forward currency contracts</i>			
Gross Amounts of Recognized Liabilities	\$ (1,614)	\$ (3,202)	\$ (1,765)
Gross Assets Offset in the Balance Sheets	110	—	—
Net Amounts of Liabilities Presented in the Balance Sheets	(1,504)	(3,202)	(1,765)
Total Liabilities	\$ (1,504)	\$ (3,202)	\$ (1,765)

Note 13 — Fair Value Measurements

The company categorizes its assets and liabilities into one of three levels based on the assumptions (inputs) used in valuing the asset or liability. Estimates of fair value for financial assets and financial liabilities are based on the framework established in the accounting guidance for fair value measurements. The framework defines fair value, provides guidance for measuring fair value, and requires certain disclosures. The framework discusses valuation techniques such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The framework utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs reflecting management's assumptions about the inputs used in pricing the asset or liability.

Cash balances are valued at their carrying amounts in the consolidated balance sheets, which are reasonable estimates of their fair value due to their short-term nature. Forward currency contracts are valued based on observable market transactions of forward currency prices and spot currency rates as of the reporting date. The fair value of cross currency contracts is determined using discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs such as interest rates and foreign currency exchange rates. In addition, credit valuation adjustments, which consider the impact of any credit enhancements to the contracts, such as collateral postings, thresholds, mutual puts, and guarantees, are incorporated in the fair values to account for potential nonperformance risk. The unfunded deferred compensation liability is primarily subject to changes in fixed-income investment contracts based on current yields. For accounts receivable and accounts payable, carrying amounts are a reasonable estimate of fair value given their short-term nature.

Assets and liabilities measured at fair value on a recurring basis, as of February 3, 2017, January 29, 2016, and October 31, 2016 are summarized below:

(Dollars in thousands)		Fair Value Measurements Using Inputs Considered as:			
February 3, 2017	Fair Value	Level 1	Level 2	Level 3	
Assets:					
Cash and cash equivalents	\$ 158,893	\$ 158,893	\$ —	\$ —	\$ —
Forward currency contracts	2,347	—	2,347	—	—
Total Assets	\$ 161,240	\$ 158,893	\$ 2,347	\$ —	\$ —
Liabilities:					
Forward currency contracts	\$ 1,504	\$ —	\$ 1,504	\$ —	\$ —
Deferred compensation liabilities	1,017	—	1,017	—	—
Total Liabilities	\$ 2,521	\$ —	\$ 2,521	\$ —	\$ —

(Dollars in thousands)		Fair Value Measurements Using Inputs Considered as:			
January 29, 2016	Fair Value	Level 1	Level 2	Level 3	
Assets:					
Cash and cash equivalents	\$ 118,140	\$ 118,140	\$ —	\$ —	\$ —
Forward currency contracts	4,740	—	4,740	—	—
Cross currency contracts	2,360	—	2,360	—	—
Total Assets	\$ 125,240	\$ 118,140	\$ 7,100	\$ —	\$ —
Liabilities:					
Forward currency contracts	\$ 3,202	\$ —	\$ 3,202	\$ —	\$ —
Deferred compensation liabilities	1,524	—	1,524	—	—
Total Liabilities	\$ 4,726	\$ —	\$ 4,726	\$ —	\$ —

(Dollars in thousands)		Fair Value Measurements Using Inputs Considered as:			
October 31, 2016	Fair Value	Level 1	Level 2	Level 3	
Assets:					
Cash and cash equivalents	\$ 273,555	\$ 273,555	\$ —	\$ —	\$ —
Forward currency contracts	1,967	—	1,967	—	—
Total Assets	\$ 275,522	\$ 273,555	\$ 1,967	\$ —	\$ —
Liabilities:					
Forward currency contracts	\$ 1,765	\$ —	\$ 1,765	\$ —	\$ —
Deferred compensation liabilities	1,149	—	1,149	—	—
Total Liabilities	\$ 2,914	\$ —	\$ 2,914	\$ —	\$ —

There were no transfers between Level 1 and Level 2 during the three months ended February 3, 2017 and January 29, 2016, or the twelve months ended October 31, 2016.

Note 14 — Subsequent Events

The company evaluated all subsequent events and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Unless expressly stated otherwise, the comparisons presented in this MD&A refer to the same period in the prior fiscal year. Our MD&A is presented in six sections:

- Company Overview
- Results of Operations
- Business Segments
- Financial Position
- Critical Accounting Policies and Estimates
- Forward-Looking Information

This MD&A should be read in conjunction with the MD&A included in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended October 31, 2016. This discussion contains various “Forward-Looking Statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and we refer readers to the section titled “Forward-Looking Information” located at the end of Part I, Item 2 of this report for more information.

COMPANY OVERVIEW

The Toro Company is in the business of designing, manufacturing, and marketing professional turf maintenance equipment and services, turf irrigation systems, landscaping equipment and lighting products, snow and ice management products, agricultural micro-irrigation systems, rental and specialty construction equipment, and residential yard and snow thrower products. We sell our products worldwide through a network of distributors, dealers, hardware retailers, home centers, mass retailers, and online.

We strive to provide innovative, well-built, and dependable products supported by an extensive service network. A significant portion of our revenues has historically been, and we expect will continue to be, attributable to new and enhanced products. We define new products as those introduced in the current and previous two fiscal years. Shares and per share data have been adjusted for all periods presented to reflect a two-for-one stock split effective September 16, 2016.

RESULTS OF OPERATIONS

Overview

For the first quarter of fiscal 2017, our net sales increased 6.1 percent with a net earnings increase of 14.6 percent, each as compared to the first quarter of fiscal 2016. Professional segment net sales increased 9.7 percent for the first quarter of fiscal 2017, primarily due to new product releases in our landscape contractor business, increased demand for our professional snow and ice management products, along with continued growth in our golf and grounds, micro-irrigation, and specialty construction businesses. Residential segment net sales were down 2.7 percent for the first quarter of fiscal 2017, primarily due to zero-turn radius riding mowers returning to a more normal shipment pattern, partially offset by higher demand of residential snow products.

Changes in foreign currency exchange rates resulted in a reduction of our net sales of approximately \$3.7 million for the first quarter of fiscal 2017.

Our net earnings growth in the first quarter of fiscal 2017 was primarily attributable to leveraging our selling, general and administrative (“SG&A”) expenses over higher sales volumes, which resulted in a reduction of SG&A expense as a percentage of net sales of 70 basis points for the first quarter comparison.

We increased our first quarter of fiscal 2017 cash dividend by 16.7 percent to \$0.175 per share compared to the \$0.15 per share quarterly cash dividend paid in the first quarter of fiscal 2016.

Inventory levels decreased \$19.9 million, or 4.7 percent, as of the end of the first quarter of fiscal 2017 due primarily to better inventory control initiatives during the first quarter of fiscal 2017. Receivables decreased \$6.4 million, or 3.4 percent, largely due to timing of sales for the first quarter comparison. Field inventory levels were up slightly as of the end of the first quarter of fiscal 2017, due to strong demand and anticipated increased sales of new products as we move into our key selling season.

Our current multi-year initiative, “Destination PRIME,” which began with our 2015 fiscal year, continues our journey into our second century. This is our final year of this three-year initiative, which is intended to help us drive revenue and earnings growth and further improve productivity, while also continuing our century-long commitment to innovation, relationships, and excellence. Through our Destination PRIME initiative, we strive to achieve our goals by pursuing a progression of annual milestones. Our organic revenue growth goal is to achieve five percent or more of organic revenue growth each fiscal year during this initiative. We define organic revenue growth as the increase in net sales, less net sales from acquisitions that occurred in the current fiscal year. Our operating earnings goal is to raise operating earnings as a percentage of net sales to more than 13 percent by the end of fiscal 2017. Additionally, our working capital goal is to drive down average net working capital as a percentage of net sales to 13 percent or less by the end of fiscal 2017. We define average net working capital as net accounts receivable plus net inventory less accounts payable as a percentage of net sales for a twelve month period.

Net Sales

Worldwide consolidated net sales for the first quarter of fiscal 2017 were \$515.8 million, up 6.1 percent compared \$486.4 million in the first quarter of fiscal 2016. This increase was driven primarily by new product releases of Professional segment landscape contractor equipment, favorable snowfalls and icy weather conditions which increased demand of Professional segment snow and ice management products and Residential segment snow thrower products, and continued growth in our golf and grounds, micro-irrigation, and specialty construction businesses. This increase in net sales was partially offset by lower Residential segment shipments of zero-turn radius riding mowers, as shipments returned to a more normal pattern in the first quarter of fiscal 2017 compared to the first quarter of fiscal 2016.

International net sales were up 3.1 percent for the first quarter of fiscal 2017, mainly due to new project wins for our golf business, as well as growth of our micro-irrigation business. This increase was partially offset by unfavorable foreign currency exchange rate fluctuations.

The following table summarizes the major operating costs and other income as a percentage of net sales:

	Three Months Ended	
	February 3, 2017	January 29, 2016
Net sales	100.0%	100.0%
Cost of sales	62.5	62.4
Gross margin	37.5	37.6
SG&A expense	25.8	26.5
Operating earnings	11.7	11.1
Interest expense	(0.9)	(1.0)
Other income, net	0.7	0.9
Provision for income taxes	2.8	2.9
Net earnings	8.7%	8.1%

Gross Profit

As a percentage of net sales, gross profit for the first quarter of fiscal 2017 decreased 10 basis points to 37.5 percent compared to 37.6 percent in the first quarter of fiscal 2016. The decrease for the first quarter fiscal 2017 comparison was primarily due to unfavorable foreign currency exchange rate fluctuations and higher commodity prices, partially offset by productivity improvements and segment mix.

Selling, General, and Administrative Expense

SG&A expense increased \$4.1 million, or 3.2 percent, for the first quarter of fiscal 2017. As a percentage of net sales, SG&A expense decreased 70 basis points for the first quarter of fiscal 2017. The decrease as a percentage of net sales for the first quarter comparison was primarily due to the leveraging of expenses over higher sales volumes.

Interest Expense

Interest expense for the first quarter of fiscal 2017 increased slightly by \$0.2 million.

Other Income, Net

Other income, net for the first quarter of fiscal 2017 decreased \$0.6 million compared to the same period last fiscal year. The decrease for the first quarter comparison was primarily due to a prior year litigation recovery and the sale of our Northwestern U.S. distribution company in the first quarter of fiscal 2016.

Provision for Income Taxes

The effective tax rate for the first quarter of fiscal 2017 was 24.5 percent compared to 26.9 percent in the first quarter of 2016. The decrease was primarily driven by the adoption of ASU 2016-09 *Stock-based Compensation* in the first quarter of fiscal 2017, which resulted in a discrete tax benefit of \$4.9 million related to stock-based compensation. The favorable impact of this benefit was partially offset by the retroactive reenactment of the domestic research tax credit of \$2.3 million in the prior year.

Net Earnings

Net earnings for the first quarter of fiscal 2017 were \$45.0 million, or \$0.41 per diluted share, compared to \$39.3 million, or \$0.35 per diluted share, for the first quarter of fiscal 2016, resulting in a net earnings per diluted share increase of 17.1 percent. The primary factors contributing to the net earnings increase for the first quarter comparison included increased net sales, a decrease in our SG&A expense as a percentage of net sales, and a lower effective tax rate. In addition, as a result of reduced shares outstanding from repurchases of our common stock, first quarter fiscal 2017 net earnings per diluted share were benefited by approximately \$0.01 per share.

BUSINESS SEGMENTS

We operate in three reportable business segments: Professional, Residential, and Distribution. Our Distribution segment, which consists of our company-owned domestic distributorship, has been combined with our corporate activities and elimination of intersegment revenues and expenses that is shown as “Other” in the following tables. Operating earnings for our Professional and Residential segments are defined as operating earnings plus other income, net. Operating loss for “Other” includes operating earnings (loss), corporate activities, other income, net, and interest expense.

The following table summarizes net sales by segment:

(Dollars in thousands)	Three Months Ended			
	February 3, 2017	January 29, 2016	\$ Change	% Change
Professional	\$ 371,809	\$ 338,836	\$ 32,973	9.7 %
Residential	140,390	144,284	(3,894)	(2.7)%
Other	3,640	3,278	362	11.0 %
Total*	\$ 515,839	\$ 486,398	\$ 29,441	6.1 %
* Includes international sales of:	\$ 131,242	\$ 127,246	\$ 3,996	3.1 %

The following table summarizes segment earnings (loss) before income taxes:

(Dollars in thousands)	Three Months Ended			
	February 3, 2017	January 29, 2016	\$ Change	% Change
Professional	\$ 68,166	\$ 61,592	\$ 6,574	10.7 %
Residential	16,558	16,739	(181)	(1.1)%
Other	(25,171)	(24,634)	(537)	(2.2)%
Total	\$ 59,553	\$ 53,697	\$ 5,856	10.9 %

Professional Segment

Net Sales. Worldwide net sales for our Professional segment in the first quarter of fiscal 2017 increased 9.7 percent. Professional segment net sales were positively impacted by the release of new products in our landscape contractor business, including the Toro-branded TITAN® HD and the Exmark-branded Radius® zero-turn radius riding mowers. We also experienced increased demand for our BOSS® snow and ice management products driven by more favorable snowfalls and icy weather conditions in many of our key markets. Additionally, we saw higher growth in our golf and grounds business with increased shipments of our GTX utility vehicle, as well as the success of our Aqua-Traxx® micro-irrigation tape products with flow control and our specialty construction compact utility loaders. This net sales increase for the first quarter of fiscal 2017 was slightly offset by the impact of unfavorable foreign currency exchange rate fluctuations.

Operating Earnings. Operating earnings for the Professional segment in the first quarter of fiscal 2017 increased by 10.7 percent compared to the first quarter of fiscal 2016, and increased slightly to 18.3 percent as a percentage of net sales in the first quarter of fiscal 2017 compared to 18.2 percent in the first quarter of fiscal 2016. This increase was primarily due to leveraging SG&A expenses over higher sales volumes, but was partially offset by lower gross margins mainly due to unfavorable foreign currency exchange rate fluctuations and slightly higher commodity prices.

Residential Segment

Net Sales. Worldwide net sales for the Residential segment in the first quarter of fiscal 2017 decreased 2.7 percent. The sales decrease in the first quarter comparison was primarily impacted by a shift in demand for zero-turn radius riding mowers that was experienced in the comparable period last year. Demand for zero-turn radius riding mowers returned to a more normal shipment pattern in the first quarter of fiscal 2017. This decrease in net sales was partially offset by increased demand of our snow products due to more favorable snowfalls across the Midwest and increased shipments of our walk power mowers in southern climates of the U.S, when compared to the prior year.

Operating Earnings. Operating earnings for the Residential segment in the first quarter of fiscal 2017 decreased 1.1 percent. Expressed as a percentage of net sales, Residential segment operating earnings increased to 11.8 percent from 11.6 percent when compared to the first quarter of fiscal 2016. The operating earnings decrease for the first quarter comparison was primarily driven by higher SG&A expenses, which were partially offset by higher gross margins. Gross margins increased for the quarter comparison, mainly due to productivity improvements, partially offset by unfavorable foreign currency exchange rate fluctuations and slightly higher commodity prices.

Other Segment

Net Sales. Net sales for the Other segment include sales from our wholly owned domestic distribution company less sales from the Professional and Residential segments to the distribution company. The Other segment net sales in the first quarter of fiscal 2017 increased slightly by \$0.4 million.

Operating Loss. Operating loss for the Other segment for the first quarter of fiscal 2017 increased \$0.5 million. The increase in operating loss for the first quarter fiscal 2017 comparison was primarily attributable to the sale of our Northwestern U.S. distribution company early in the first quarter of fiscal 2016.

FINANCIAL POSITION

Working Capital

During the remainder of fiscal 2017, we plan to place continued emphasis on improving asset utilization with a focus on reducing the amount of working capital in the supply chain, adjusting production plans, and maintaining or improving order replenishment

and service levels to end users. Our average net working capital as a percentage of net sales for the twelve months ended February 3, 2017, was 15.1 percent compared to 16.4 percent for the twelve months ended January 29, 2016. We calculate our average net working capital as net receivables plus net inventories, less accounts payable for a twelve month period as percentage of rolling twelve month net sales.

Inventory levels were down \$19.9 million, or 4.7 percent, as of the end of the first quarter of fiscal 2017 compared to the end of the first quarter of fiscal 2016 due to inventory control initiatives centered on production management, increased emphasis on finished goods inventory and improved monitoring of product replenishment to our end users. Receivables as of the end of the first quarter of fiscal 2017 decreased \$6.4 million, or 3.4 percent, compared to the end of the first quarter of fiscal 2016 primarily due to timing of sales for channels not financed with Red Iron. Our average days sales outstanding for receivables decreased to 30.8 days based on sales for the last twelve months ended February 3, 2017, compared to 33.4 days for the twelve months ended January 29, 2016. In addition, accounts payable increased as of the end of our first quarter of fiscal 2017 compared to the end of the first quarter of fiscal 2016 by \$21.2 million, or 10.0 percent, due to working capital initiatives and increased purchases of commodities and components.

Liquidity and Capital Resources

Our businesses are seasonally working capital intensive and require funding for purchases of raw materials used in production, replacement parts inventory, payroll and other administrative costs, capital expenditures, establishment of new facilities, expansion and renovation of existing facilities, as well as for financing receivables from customers that are not financed with Red Iron. We believe that anticipated cash generated from operations, together with our long-term debt, bank credit lines, and cash on hand, will provide us with adequate liquidity to meet our anticipated operating requirements. We believe that the funds available through existing financing arrangements and forecasted cash flows will be sufficient to provide the necessary capital resources for our anticipated working capital needs, capital expenditures, investments, debt repayments, quarterly cash dividend payments, and stock repurchases for at least the next twelve months. As of February 3, 2017, cash and short-term investments held by our foreign subsidiaries was approximately \$98.4 million.

Our Board of Directors approved a cash dividend of \$0.175 per share for the first quarter of fiscal 2017 that was paid on January 12, 2017. This was an increase of 16.7 percent over our cash dividend of \$0.15 per share for the first quarter of fiscal 2016.

Cash Flow. Cash provided by operating activities for the first three months of fiscal 2017 increased \$10.9 million compared to the first three months of fiscal 2016. This three month comparison change was mainly due to improved working capital. Cash used for investing activities increased \$27.2 million during the first three months of fiscal 2017 compared to the first three months of fiscal 2016, primarily due to cash utilized for an acquisition in the first quarter of fiscal 2017. Cash used for financing activities for the first three months of fiscal 2017 increased \$93.2 million compared to the first three months of fiscal 2016 mainly due to more cash used for common stock repurchases and common stock dividends paid, partially offset by fiscal 2016 short-term borrowings.

Credit Lines and Other Capital Resources. Our businesses are seasonal, with accounts receivable balances historically increasing between January and April as a result of typically higher sales volumes and extended payment terms made available to our customers, and typically decreasing between May and December when payments are received. The seasonality of production and shipments causes our working capital requirements to fluctuate during the year. Seasonal cash requirements are financed from operations, cash on hand, and with short-term financing arrangements, including our \$150.0 million unsecured senior five-year revolving credit facility that expires in October 2019. Included in our \$150.0 million revolving credit facility is a \$20.0 million sublimit for standby letters of credit and a \$20.0 million sublimit for swingline loans. At our election, and with the approval of the named borrowers on the revolving credit facility and the election of the lenders to fund such increase, the aggregate maximum principal amount available under the facility may be increased by an amount up to \$100.0 million in aggregate. Funds are available under the revolving credit facility for working capital, capital expenditures, and other lawful purposes, including, but not limited to, acquisitions and stock repurchases. Interest expense on this credit line is determined based on a LIBOR rate (or other rates quoted by the Administrative Agent, Bank of America, N.A.) plus a basis point spread defined in the credit agreement. In addition, our non-U.S. operations maintain short-term lines of credit in the aggregate amount of approximately \$9.1 million. These facilities bear interest at various rates depending on the rates in their respective countries of operation. As of February 3, 2017, we had no outstanding short-term debt under these lines of credit compared to \$52.9 million outstanding short-term debt as of January 29, 2016. As of February 3, 2017, we had \$6.8 million of outstanding letters of credit and \$152.3 million of unutilized availability under our credit agreements.

As of February 3, 2017, we had \$338.3 million outstanding in long-term debt that includes \$100.0 million of 7.8% debentures due June 15, 2027, \$123.7 million of 6.625% senior notes due May 1, 2037, a \$107.3 million term loan, and partially offsetting debt issuance costs and deferred charges of \$2.9 million related to our outstanding long-term debt. The term loan bears interest

based on a LIBOR rate (or other rates quoted by the Administrative Agent, Bank of America, N.A.) plus a basis point spread defined in the credit agreement. The term loan can be repaid in part or in full at any time without penalty, but in any event must be paid in full by October 2019. We also have outstanding \$10.2 million in a note due to the former owners of the BOSS business.

Our revolving and term loan credit facility contains standard covenants, including, without limitation, financial covenants, such as the maintenance of minimum interest coverage and maximum debt to earnings before interest, taxes, depreciation, and amortization (“EBITDA”) ratios; and negative covenants, which among other things, limit loans and investments, disposition of assets, consolidations and mergers, transactions with affiliates, restricted payments, contingent obligations, liens, and other matters customarily restricted in such agreements. Most of these restrictions are subject to certain minimum thresholds and exceptions. Under the revolving credit facility, we are not limited in the amount for payments of cash dividends and common stock repurchases as long as our debt to EBITDA ratio from the previous quarter compliance certificate is less than or equal to 3.25, provided that immediately after giving effect of any such proposed action, no default or event of default would exist. As of February 3, 2017, we were not limited in the amount for payments of cash dividends and stock repurchases. We were in compliance with all covenants related to our credit agreement for our revolving credit facility as of February 3, 2017, and we expect to be in compliance with all covenants during the remainder of fiscal 2017. If we were out of compliance with any debt covenant required by this credit agreement following the applicable cure period, the banks could terminate their commitments unless we could negotiate a covenant waiver from the banks. In addition, our long-term senior notes, debentures, term loan, and any amounts outstanding under the revolving credit facility could become due and payable if we were unable to obtain a covenant waiver or refinance our short-term debt under our credit agreement. If our credit rating falls below investment grade and/or our average debt to EBITDA ratio rises above 1.50, the basis point spread over LIBOR (or other rates quoted by the Administrative Agent, Bank of America, N.A.) we currently pay on outstanding debt under the credit agreement would increase. However, the credit commitment could not be cancelled by the banks based solely on a ratings downgrade. Our debt rating for long-term unsecured senior, non-credit enhanced debt was unchanged during the first quarter of fiscal 2017 by Standard and Poor’s Ratings Group at BBB and by Moody’s Investors Service at Baa3.

Customer Financing Arrangements and Contractual Obligations

Our Red Iron joint venture with TCFIF provides inventory financing to certain distributors and dealers of our products in the U.S. that enables them carry representative inventories of our products. Some independent international dealers continue to finance their products with a third party finance company. This third party financing company purchased \$7.4 million of receivables from us during the first three months of fiscal 2017. As of February 3, 2017, \$11.1 million of receivables financed by a third party financing company, excluding Red Iron, were outstanding. See our most recently filed Annual Report on Form 10-K for further details regarding our customer financing arrangements and contractual obligations.

Inflation

We are subject to the effects of inflation, deflation, and changing prices. In the first three months of fiscal 2017, average prices paid for commodities and components we purchase were slightly higher compared to the average prices paid for commodities and components in the first three months of fiscal 2016. We intend to continue to closely follow prices of commodities and components that affect our product lines, and we anticipate average prices paid for some commodities and components to be slightly higher for the remainder of fiscal 2017 as compared to fiscal 2016. Historically, we have mitigated, and we currently expect to continue to mitigate, commodity price increases, in part, by collaborating with suppliers, reviewing alternative sourcing options, substituting materials, engaging in internal cost reduction efforts, and increasing prices on some of our products, all as appropriate.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

See our most recent Annual Report on Form 10-K for the fiscal year ended October 31, 2016 for a discussion of our critical accounting policies.

New Accounting Pronouncements to be Adopted

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* that updates the principles for recognizing revenue. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date of this standard by one year. We expect to adopt this guidance on November 1, 2018, as required, based on the new effective date. The guidance permits the use of either a

retrospective or cumulative effect transition method. We have not yet selected a transition method but plan to select a transition method no later than the fourth quarter of fiscal 2017. We are currently assessing our contracts with customers and related financial disclosures to evaluate the impact of the amended guidance on our existing revenue recognition policies and procedures.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. This amended guidance changes the measurement principle for inventory from the lower of cost or market to lower of cost and net realizable value. The amended guidance will become effective for us commencing in the first quarter of fiscal 2018. Early adoption is permitted. We are currently evaluating the impact of this amended guidance on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which, among other things, requires lessees to recognize most leases on-balance sheet. The standard requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The amended guidance will become effective for us commencing in the first quarter of fiscal 2020. Entities are required to use a modified retrospective approach, with early adoption permitted. We are reviewing the revised guidance and assessing the impact on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which amends guidance on the classification of certain cash receipts and payments in the statement of cash flows. The amended guidance will become effective for us commencing in the first quarter of fiscal 2019. Early adoption is permitted. We are currently evaluating the impact of this new standard on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which clarifies the definition of a business in Accounting Standards Codification 805. The amended guidance will become effective for us commencing in the first quarter of fiscal 2019. Early adoption is permitted. We are currently evaluating the impact of this new standard.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the accounting for goodwill impairments by eliminating step 2 from the goodwill impairment test. The amended guidance will become effective for us commencing in the first quarter of fiscal 2021. We are currently evaluating the impact of this new standard.

We believe that all other recently issued accounting pronouncements from the FASB that we have not noted above, will not have a material impact on our consolidated financial statements or do not apply to our operations.

FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q contains not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E under the Securities Exchange Act of 1934, as amended (“Exchange Act”), and that are subject to the safe harbor created by those sections. In addition, we or others on our behalf may make forward-looking statements from time to time in oral presentations, including telephone conferences and/or web casts open to the public, in press releases or reports, on our web sites or otherwise. Statements that are not historical are forward-looking and reflect expectations and assumptions. Forward-looking statements are based on our current expectations of future events, and often can be identified in this report and elsewhere by using words such as “expect,” “strive,” “looking ahead,” “outlook,” “guidance,” “forecast,” “goal,” “optimistic,” “anticipate,” “continue,” “plan,” “estimate,” “project,” “believe,” “should,” “could,” “will,” “would,” “possible,” “may,” “likely,” “intend,” “can,” “seek,” “potential,” “pro forma,” or the negative thereof and similar expressions or future dates. Our forward-looking statements generally relate to our future performance, including our anticipated operating results, liquidity requirements, and financial condition; our business strategies and goals; and the effect of laws, rules, regulations, new accounting pronouncements, and outstanding litigation on our business and future performance.

Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or implied. The following are some of the factors known to us that could cause our actual results to differ materially from what we have anticipated in our forward-looking statements:

- Adverse economic conditions and outlook in the United States and in other countries in which we conduct business could adversely affect our net sales and earnings, which include but are not limited to recessionary conditions; slow or negative economic growth rates; the impact of U.S. federal debt, state debt and sovereign debt defaults and austerity measures by certain European countries; slow down or reductions in levels of golf course development, renovation, and improvement; golf course closures; reduced levels of home ownership, construction, and sales; home foreclosures; negative consumer confidence; reduced consumer spending levels resulting from tax increases or other factors; prolonged high unemployment

rates; higher commodity and component costs and fuel prices; inflationary or deflationary pressures; reduced credit availability or unfavorable credit terms for our distributors, dealers, and end-user customers; higher short-term, mortgage, and other interest rates; and general economic and political conditions and expectations.

- Weather conditions, including unfavorable weather conditions exacerbated by global climate changes or otherwise, may reduce demand for some of our products and adversely affect our net sales and operating results, or may affect the timing of demand for some of our products and may adversely affect net sales and operating results in subsequent periods.
- Fluctuations in foreign currency exchange rates have affected our operating results and could continue to result in declines in our reported net sales and net earnings.
- Increases in the cost, or disruption in the availability, of raw materials, components, and parts containing various commodities that we purchase, such as steel, aluminum, petroleum and natural gas-based resins, linerboard, copper, lead, rubber, engines, transmissions, transaxles, hydraulics, electric motors, and other commodities and components, and increases in our other costs of doing business, such as transportation costs or increased tariffs, duties or other charges as a result of changes to international trade agreements may adversely affect our profit margins and business.
- Our Professional segment net sales are dependent upon certain factors, including golf course revenues and the amount of investment in golf course renovations and improvements; the level of new golf course development and golf course closures; the level of property owners who outsource their lawn care and snow and ice removal activities; the level of residential and commercial construction; continued acceptance of and demand for micro-irrigation solutions for agricultural markets; the timing and occurrence of winter weather conditions; demand for our products in the rental and specialty construction market; availability of cash or credit to Professional segment customers on acceptable terms to finance new product purchases; and the amount of government revenues, budget, and spending levels for grounds maintenance equipment.
- Our Residential segment net sales are dependent upon consumers buying our products at dealers, mass retailers, and home centers, such as The Home Depot, Inc.; the amount of product placement at mass retailers and home centers; consumer confidence and spending levels, and changing buying patterns of customers.
- Changes in our product mix impact our financial performance, including profit margins and net earnings, as our Professional segment products generally have higher profit margins than our Residential segment products.
- We intend to grow our business in part through acquisitions and alliances, strong customer relations, and new joint ventures and partnerships, which could be risky and harm our business reputation, financial condition, and operating results, particularly if we are not able to successfully integrate such acquisitions and alliances, joint ventures, and partnerships. If previous or future acquisitions do not produce the expected results or integration into our operations takes more time than expected, our business could be harmed. We cannot guarantee previous or future acquisitions, alliances, joint ventures or partnerships will in fact produce any benefits.
- Our ability to manage our inventory levels to meet our customers' demand for our products is important for our business. If we underestimate or overestimate demand for our products and do not maintain appropriate inventory levels, our net sales and/or working capital could be negatively impacted.
- Our business and operating results are subject to the inventory management decisions of our distribution channel customers. Any adjustments in the carrying amount of inventories by our distribution channel customers may impact our inventory management and working capital goals as well as operating results.
- We face intense competition in all of our product lines with numerous manufacturers, including from some competitors that have larger operations and financial resources than us. We may not be able to compete effectively against competitors' actions, which could harm our business and operating results.
- A significant percentage of our consolidated net sales are generated outside of the United States, and we intend to continue to expand our international operations. Our international operations also require significant management attention and financial resources; expose us to difficulties presented by international economic, political, legal, regulatory, accounting, and business factors, including implications of withdrawal by the U.S. from, or revision to, international trade agreements, foreign policy changes between the U.S. and other countries, weakened international economic conditions, or the United Kingdom's process for exiting the European Union; and may not be successful or produce desired levels of net sales. In addition, a portion of our international net sales are financed by third parties. The termination of our agreements with these third parties, any material change to the terms of our agreements with these third parties or in the availability or terms of credit offered to our international customers by these third parties, or any delay in securing replacement credit sources, could adversely affect our sales and operating results.
- If we are unable to continue to enhance existing products and develop and market new products that respond to customer needs and preferences and achieve market acceptance, or if we experience unforeseen product quality or other problems in the development, production, or use of new and existing products, we may experience a decrease in demand for our products, and our net sales and business could suffer.
- We manufacture our products at and distribute our products from several locations in the United States and internationally. Any disruption at any of these facilities or our inability to cost-effectively expand existing facilities, open and manage new facilities, and/or move production between manufacturing facilities could adversely affect our business and operating results.

- Our production labor needs fluctuate throughout the year, with a sharp increase in the number of production staff, some of which may be new to our manufacturing processes and safety protocols, during periods of peak manufacturing activity and any failure by our production labor force to adequately and safely perform their jobs could adversely affect our business, operating results, and reputation.
- Management information systems are critical to our business. If our information systems or those of our business partners or third party service providers fail to adequately perform, or if we, our business partners or third party service providers experience an interruption in their operation, including by theft, loss or damage from unauthorized access, security breaches, natural or man-made disasters, cyber attacks, computer viruses, phishing, power loss or other disruptive events, our business, reputation, financial condition, and operating results could be adversely affected.
- Our reliance upon patents, trademark laws, and contractual provisions to protect our proprietary rights may not be sufficient to protect our intellectual property from others who may sell similar products. Our products may infringe the proprietary rights of others.
- Our business, properties, and products are subject to governmental regulation with which compliance may require us to incur expenses or modify our products or operations and non-compliance may result in harm to our reputation and/or expose us to penalties. Governmental regulation may also adversely affect the demand for some of our products and our operating results. In addition, changes in laws and regulations in the U.S. or other countries in which we conduct business also may adversely affect our operating results, including, (i) taxation and tax policy changes, tax rate changes, new tax laws, revised tax law interpretations, which individually or in combination may cause our effective tax rate to increase, (ii) healthcare laws or regulations, which may cause us to incur higher employee healthcare and other costs, or (iii) changes to international trade agreements that could result in additional duties or other charges on raw materials, whole goods or components we import.
- Climate change and climate change regulations may adversely impact our operations.
- Costs of complying with the various environmental laws related to our ownership and/or lease of real property, such as clean-up costs and liability that may be associated with certain hazardous waste disposal activities, could adversely affect our financial condition and operating results.
- Legislative enactments could impact the competitive landscape within our markets and affect demand for our products.
- We operate in many different jurisdictions and we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws. The continued expansion of our international operations could increase the risk of violations of these laws in the future.
- We are required to comply with “conflict minerals” rules promulgated by the SEC, which has imposed costs on us and could raise reputational and other risks. We have, and we expect that we will continue to, incur additional costs and expenses, which may be significant in order to comply with these rules. Since our supply chain is complex, ultimately we may not be able to sufficiently verify the origin of the conflict minerals used in our products through the due diligence procedures that we implement or we may identify through our due diligence procedures that some or all of the conflict minerals in our products are sourced from covered regions, which may adversely affect our reputation with our customers, shareholders, and other stakeholders.
- We are subject to product liability claims, product quality issues, and other litigation from time to time that could adversely affect our business, reputation, operating results, or financial condition.
- If we are unable to retain our executive officers or other key employees, attract and retain other qualified personnel, or successfully implement executive officer, key employee or other qualified personnel transitions, we may not be able to meet strategic objectives and our business could suffer.
- As a result of our Red Iron joint venture, we are dependent upon the joint venture to provide competitive inventory financing programs to certain distributors and dealers of our products. Any material change in the availability or terms of credit offered to our customers by the joint venture, challenges or delays in transferring new distributors and dealers from any business we might acquire to this financing platform, any termination or disruption of our joint venture relationship or any delay in securing replacement credit sources could adversely affect our net sales and operating results.
- The terms of our credit arrangements and the indentures governing our senior notes and debentures could limit our ability to conduct our business, take advantage of business opportunities, and respond to changing business, market, and economic conditions. Additionally, we are subject to counterparty risk in our credit arrangements. If we are unable to comply with the terms of our credit arrangements and indentures, especially the financial covenants, our credit arrangements could be terminated and our senior notes, debentures, term loan, and any amounts outstanding under our revolving credit facility could become due and payable.
- We are expanding and renovating our corporate facilities and could experience disruptions to our operations in connection with such efforts.
- Our business is subject to a number of other factors that may adversely affect our operating results, financial condition, or business, such as: our ability to achieve the revenue growth, operating earnings, and working capital goals of our “Destination PRIME” initiative or any quarterly financial guidance; natural or man-made disasters or global pandemics that may result in shortages of raw materials and components, higher fuel and commodity costs, delays in shipments to customers, and increases in insurance premiums; financial viability of our distributors and dealers, changes in distributor

ownership, changes in channel distribution of our products, relationships with our distribution channel partners, our success in partnering with new dealers, and our customers' ability to pay amounts owed to us; a decline in retail sales or financial difficulties of our distributors or dealers, which would cause us to repurchase financed product; new or revised accounting standards, including standards related to stock-based compensation and revenue recognition; and the threat of terrorist acts and war that may result in heightened security and higher costs for import and export shipments of components or finished goods, reduced leisure travel, and contraction of the U.S. and world economies.

For more information regarding these and other uncertainties and factors that could cause our actual results to differ materially from what we have anticipated in our forward-looking statements or otherwise could materially adversely affect our business, financial condition, or operating results, see our most recently filed Annual Report on Form 10-K, Part I, Item 1A, "Risk Factors."

All forward-looking statements included in this report are expressly qualified in their entirety by the foregoing cautionary statements. We caution readers not to place undue reliance on any forward-looking statement which speaks only as of the date made and to recognize that forward-looking statements are predictions of future results, which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described above, the risks described in our most recent Annual Report on Form 10-K, Part I, Item 1A, "Risk Factors," as well as others that we may consider immaterial or do not anticipate at this time. The foregoing risks and uncertainties are not exclusive and further information concerning the company and our businesses, including factors that potentially could materially affect our financial results or condition, may emerge from time to time. We make no commitment to revise or update any forward-looking statements in order to reflect actual results, events or circumstances occurring or existing after the date any forward-looking statement is made, or changes in factors or assumptions affecting such forward-looking statements. We advise you, however, to consult any further disclosures we make on related subjects in our future Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K we file with or furnish to the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk stemming from changes in foreign currency exchange rates, interest rates, and commodity prices. We are also exposed to equity market risk pertaining to the trading price of our common stock. Changes in these factors could cause fluctuations in our earnings and cash flows. See further discussion on these market risks below. See our most recent Annual Report on Form 10-K for discussion on equity market risk.

Foreign Currency Exchange Rate Risk. In the normal course of business, we actively manage the exposure of our foreign currency exchange rate market risk by entering into various hedging instruments, authorized under company policies that place controls on these activities, with counterparties that are highly rated financial institutions. Our hedging activities involve primarily the use of forward currency contracts. We may also utilize cross currency swaps to offset intercompany loan exposures. We use derivative instruments only in an attempt to limit underlying exposure from currency fluctuations and to minimize earnings and cash flow volatility associated with foreign currency exchange rate fluctuations and not for trading purposes. We are exposed to foreign currency exchange rate risk arising from transactions in the normal course of business, such as sales to third party customers, sales and loans to wholly owned foreign subsidiaries, foreign plant operations, and purchases from suppliers. Because our products are manufactured or sourced primarily from the United States and Mexico, a stronger U.S. dollar and Mexican peso generally have a negative impact on our results from operations, while a weaker dollar and peso generally have a positive effect. Our primary foreign currency exchange rate exposures are with the Euro, the Australian dollar, the Canadian dollar, the British pound, the Mexican peso, the Japanese yen, the Chinese Renminbi, the Romanian New Leu against the U.S. dollar, and the Romanian New Leu against the Euro, including exposure as a result of the volatility and uncertainty that may arise as a result of the United Kingdom's process for exiting the European Union.

We enter into various contracts, primarily forward contracts that change in value as foreign currency exchange rates fluctuate, to protect the value of existing foreign currency assets, liabilities, anticipated sales, and probable commitments. Decisions on whether to use such contracts are made based on the amount of exposures to the currency involved and an assessment of the near-term market value for each currency. Worldwide foreign currency exchange rate exposures are reviewed monthly. The gains and losses on these contracts offset changes in values of the related exposures. Therefore, changes in values of these hedge instruments are highly correlated with changes in market values of underlying hedged items both at inception of the hedge and over the life of the hedge contract. Additional information regarding gains and losses on our derivative instruments is presented in the Notes to Condensed Consolidated Financial Statements (Unaudited) in Item 1 of this Quarterly Report on Form 10-Q, in Note 12 entitled "Derivative Instruments and Hedging Activities."

The following foreign currency exchange contracts held by us have maturity dates in fiscal 2017 and 2018. All items are non-trading and stated in U.S. dollars. Some derivative instruments we enter into do not meet the cash flow hedging criteria; therefore, changes in fair value are recorded in other income, net.

The average contracted rate, notional amount, pre-tax value of derivative instruments in accumulated other comprehensive loss, and fair value impact of derivative instruments in other income, net as of and for the fiscal period ended February 3, 2017 were as follows:

(Dollars in thousands, except average contracted rate)	Average Contracted Rate	Notional Amount	Value in Accumulated Other Comprehensive Income (Loss)	Fair Value Impact (Loss) Gain
Buy US dollar/Sell Australian dollar	0.7478	41,817.7	14.9	(676.1)
Buy US dollar/Sell Canadian dollar	1.3008	6,342.4	18.1	82.8
Buy US dollar/Sell Euro	1.1178	67,334.4	1,312.9	1,537.1
Buy US dollar/Sell British pound	1.2928	38,345.9	311.0	484.5
Buy Mexican peso/Sell US dollar	20.1013	21,035.9	(1,345.7)	(620.1)

Our net investment in foreign subsidiaries translated into U.S. dollars is not hedged. Any changes in foreign currency exchange rates would be reflected as a foreign currency translation adjustment, a component of accumulated other comprehensive loss in stockholders' equity, and would not impact net earnings.

Interest Rate Risk. Our market risk on interest rates relates primarily to LIBOR-based short-term debt and a term loan from commercial banks, as well as the potential increase in fair value of our fixed-rate long-term debt resulting from a potential decrease in interest rates. We have no earnings or cash flow exposure due to market risks on our fixed-rate long-term debt obligations. We generally do not use interest rate swaps to mitigate the impact of fluctuations in interest rates. See our most recently filed Annual Report on Form 10-K (Item 7A Quantitative and Qualitative Disclosures about Market Risk). There has been no material change in this information.

Commodity Price Risk. Some raw materials used in our products are exposed to commodity price changes. The primary commodity price exposures are with steel, aluminum, petroleum and natural gas-based resins, and linerboard. In addition, we are a purchaser of components and parts containing various commodities, including steel, aluminum, copper, lead, rubber, and others that are integrated into our end products. Further information regarding rising prices for commodities is presented in Item 2 of this Quarterly Report on Form 10-Q, in the section entitled "Inflation."

We enter into fixed-price contracts for future purchases of natural gas in the normal course of operations as a means to manage natural gas price risks.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) that are designed to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and we are required to apply our judgment in evaluating the cost-benefit relationship of possible internal controls. Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered in this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of such period to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. There was no change in our internal control over financial reporting that occurred during our first quarter ended February 3, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

We are a party to litigation in the ordinary course of business. Litigation occasionally involves claims for punitive, as well as compensatory, damages arising out of the use of our products. Although we are self-insured to some extent, we maintain insurance against certain product liability losses. We are also subject to litigation and administrative and judicial proceedings with respect to claims involving asbestos and the discharge of hazardous substances into the environment. Some of these claims assert damages and liability for personal injury, remedial investigations or clean-up, and other costs and damages. We are also typically involved in commercial disputes, employment disputes, and patent litigation cases in the ordinary course of business. To prevent possible infringement of our patents by others, we periodically review competitors' products. To avoid potential liability with respect to others' patents, we regularly review certain patents issued by the USPTO and foreign patent offices. We believe these activities help us minimize our risk of being a defendant in patent infringement litigation. We are currently involved in patent litigation cases, including cases by or against competitors, where we are asserting and defending against claims of patent infringement. Such cases are at varying stages in the litigation process.

For a description of our material legal proceedings, see Note 10 in our Notes to Condensed Consolidated Financial Statements under the heading "Contingencies - Litigation" included in Item 1 of this Quarterly Report on Form 10-Q, which is incorporated into this Part II. Item 1 by reference.

ITEM 1A. RISK FACTORS

We are affected by risks specific to us as well as factors that affect all businesses operating in a global market. The significant factors known to us that could materially adversely affect our business, financial condition, or operating results or could cause our actual results to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statement made in this report, are described in our most recently filed Annual Report on Form 10-K (Item 1A. Risk Factors). There has been no material change in those risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table shows our first quarter of fiscal 2017 stock repurchase activity.

Period	Total Number of Shares (or Units) Purchased (1,2)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased As Part of Publicly Announced Plans or Programs (1,2)	Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1,2)
November 1, 2016 through December 2, 2016	296,400	\$ 48.22	296,400	7,396,315
December 3, 2016 through December 30, 2016	445,661	55.90	445,661	6,950,654
December 31, 2016 through February 3, 2017	493,883	57.42	492,124	6,458,530
Total	1,235,944	54.67	1,234,185	

⁽¹⁾ On December 3, 2015, the company's Board of Directors authorized the repurchase of an additional 8,000,000 shares of the company's common stock in open-market or in privately negotiated transactions. This program has no expiration date but may be terminated by the company's Board of Directors at any time. The company repurchased 1,234,185 shares during the period indicated above under this program and 6,458,530 shares remain available to repurchase under this program.

⁽²⁾ Includes 1,759 units (shares) of the company's common stock purchased in open-market transactions at an average price of \$56.34 per share on behalf of a rabbi trust formed to pay benefit obligations of the company to participants in deferred compensation plans. These 1,759 shares were not repurchased under the company's repurchase program described in 1 above.

ITEM 6. EXHIBITS

(a)	Exhibit No.	Description
	2.1 (1)	Second Amendment to Agreement to Form Joint Venture dated November 29, 2016 by and between The Toro Company and TCF Inventory Finance, Inc. (incorporated by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K dated November 29, 2016, Commission File No. 1-8649).*
	2.2 (1)	Third Amendment to Limited Liability Company Agreement of Red Iron Acceptance, LLC dated November 29, 2016 by and between Red Iron Holding Corporation and TCFIF Joint Venture I, LLC (incorporated by reference to Exhibit 2.2 to Registrant's Current Report on Form 8-K dated November 29, 2016, Commission File No. 1-8649).*
	2.3 (1)	Fourth Amended and Restated Program and Repurchase Agreement dated as of November 29, 2016 by and between The Toro Company and Red Iron Acceptance, LLC (incorporated by reference to Exhibit 2.3 to Registrant's Current Report on Form 8-K dated November 29, 2016, Commission File No. 1-8649).
	3.1 and 4.1	Restated Certificate of Incorporation of The Toro Company (incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated June 17, 2008, Commission File No. 1-8649).
	3.2 and 4.2	Certificate of Amendment to Restated Certificate of Incorporation of The Toro Company (incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated March 12, 2013, Commission File No. 1-8649).
	3.3 and 4.3	Amended and Restated Bylaws of The Toro Company (incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated July 19, 2016, Commission File No. 1-8649).
	4.4	Specimen Form of Common Stock Certificate (incorporated by reference to Exhibit 4(c) to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended August 1, 2008, Commission File No. 1-8649).
	4.5	Indenture dated as of January 31, 1997, between Registrant and First National Trust Association, as Trustee, relating to The Toro Company's 7.80% Debentures due June 15, 2027 (incorporated by reference to Exhibit 4(a) to Registrant's Current Report on Form 8-K dated June 24, 1997, Commission File No. 1-8649).
	4.6	Indenture dated as of April 20, 2007, between Registrant and The Bank of New York Trust Company, N.A., as Trustee, relating to The Toro Company's 6.625% Notes due May 1, 2037 (incorporated by reference to Exhibit 4.3 to Registrant's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on April 23, 2007, Registration No. 333-142282).
	4.7	First Supplemental Indenture dated as of April 26, 2007, between Registrant and The Bank of New York Trust Company, N.A., as Trustee, relating to The Toro Company's 6.625% Notes due May 1, 2037 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K dated April 23, 2007, Commission File No. 1-8649).
	4.8	Form of The Toro Company 6.625% Note due May 1, 2037 (incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K dated April 23, 2007, Commission File No. 1-8649).
	10.1	The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.1 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 2016, Commission File No. 1-8649).
	10.2	Form of Nonemployee Director Stock Option Agreement between The Toro Company and its Non-Employee Directors under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.11 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 2016, Commission File No. 1-8649).

- 10.3 Form of Nonqualified Stock Option Agreement between The Toro Company and its officers and other employees under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.14 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 2016, Commission File No. 1-8649).
- 10.4 Form of Performance Share Award Agreement between The Toro Company and its officers and other employees under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.17 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 2016, Commission File No. 1-8649).
- 10.5 Form of Annual Performance Award Agreement between The Toro Company and its officers and other employees under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.18 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 2016, Commission File No. 1-8649).
- 10.6 Form of Restricted Stock Award Agreement between The Toro Company and its officers and other employees under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.19 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 2016, Commission File No. 1-8649).
- 10.7 Form of Restricted Stock Unit Award Agreement between The Toro Company and its officers and other employees under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.21 to Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 2016, Commission File No. 1-8649).
- 10.8 The Toro Company Supplemental Benefit Plan, Amended and Restated Effective January 1, 2017 (filed herewith).
- 10.9 The Toro Company Deferred Compensation Plan, Amended and Restated Effective January 1, 2017 (filed herewith).
- 10.10 The Toro Company Deferred Compensation Plan for Officers, Amended and Restated Effective January 1, 2017 (filed herewith).
- 10.11 The Toro Company Deferred Compensation Plan for Non-Employee Directors, Amended and Restated Effective January 1, 2017 (filed herewith).
- 10.12 Second Amendment to Credit and Security Agreement dated November 29, 2016 by and between Red Iron Acceptance, LLC and TCF Inventory Finance, Inc. (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated November 29, 2016, Commission File No. 1-8649).
- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002) (filed herewith).
- 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002) (filed herewith).
- 32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

101 The following financial information from The Toro Company's Quarterly Report on Form 10-Q for the quarterly period ended February 3, 2017, filed with the SEC on March 8, 2017, formatted in eXtensible Business Reporting Language (XBRL): (i) Condensed Consolidated Statements of Earnings for the three-month periods ended February 3, 2017 and January 29, 2016, (ii) Condensed Consolidated Statements of Comprehensive Income for the three-month periods ended February 3, 2017 and January 29, 2016, (iii) Condensed Consolidated Balance Sheets as of February 3, 2017, January 29, 2016, and October 31, 2016, (iv) Condensed Consolidated Statement of Cash Flows for the three-month periods ended February 3, 2017 and January 29, 2016, and (v) Notes to Condensed Consolidated Financial Statements (filed herewith).

(1) Portions of this exhibit have been redacted and are subject to an order granting confidential treatment under the Securities Exchange Act of 1934, as amended (File No. 001-08649, CF # 34521). The redacted material was filed separately with the Securities and Exchange Commission.

* 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.

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: March 8, 2017

By: /s/ Renee J. Peterson

Renee J. Peterson

Vice President, Treasurer and Chief Financial Officer

(duly authorized officer and principal financial officer)

THE TORO COMPANY
SUPPLEMENTAL BENEFIT PLAN

Amended and Restated Effective as of January 1, 2017

TABLE OF CONTENTS

	Page	
I.	DEFINITIONS	1
II.	ELIGIBILITY AND PARTICIPATION	5
III.	SUPPLEMENTAL ACCOUNT	5
	3.1 Establishment of Account	5
	3.2 Credits to Article III Account	6
	3.3 Earnings on Amounts Credited	6
IV.	SUPPLEMENTAL RETIREMENT BENEFIT	6
V.	SUPPLEMENTAL SURVIVING SPOUSE BENEFIT	6
VI.	DISTRIBUTIONS	7
	6.1 Distribution of Article III Accounts	7
	6.2 Election of Distribution Method for Article III Accounts	7
	6.3 Death Prior to Completion of Distributions for Article III Accounts	8
	6.4 Limitation on Election of Distribution Method	8
	6.5 Six-Month Suspension for Payments to Specified Employees	8
	6.6 Unforeseeable Emergencies	8
	6.7 Acceleration or Delay of Distributions	9
VII.	ADMINISTRATION OF THE PLAN	9
	7.1 Administrator	9
	7.2 Authority of Administrator	9
	7.3 Operation of the Plan	9
	7.4 Claims Procedures	9
VIII.	AMENDMENT OR TERMINATION	11
IX.	SOURCE OF PAYMENTS; NATURE OF INTEREST	12
	9.1 The Trust	12
	9.2 No Alienation	12
	9.3 Unfunded Plan	12
	9.4 No Guaranty	13
	9.5 Transfers to the Trust	13
	9.6 Unsecured General Creditor	13
X.	GENERAL PROVISIONS	13
	10.1 No Right of Employment	13
	10.2 Incompetency	13
	10.3 Corporate Changes	14
	10.4 Addresses	14
	10.5 Limitations on Liability	14
	10.6 Inspection	14
	10.7 Withholding	14
	10.8 Singular and Plural	14
	10.9 Severability	15
	10.10 Discharge of Obligations	15
	10.11 Governing Law	15

10.12 Successors	15
10.13 No Assurance of Tax Consequences	15
10.14 Code Section 409A	15

**THE TORO COMPANY
SUPPLEMENTAL BENEFIT PLAN**

Amended and Restated Effective as of January 1, 2017

The Toro Company hereby amends and restates its Supplemental Benefit Plan originally effective as of August 1, 1989 and most recently amended and restated effective January 1, 2009. This amendment and restatement continues to apply to all amounts deferred on or after January 1, 2005 that remained unpaid as of January 1, 2009. All grandfathered amounts earned and vested as of December 31, 2004 shall continue to be governed by the 2004 Plan document in accordance with then applicable IRS guidance. All amounts earned or vested from January 1, 2005 through December 31, 2008 shall continue to be governed by the Plan document, as modified by the operations of the Plan during such period in accordance with Code Section 409A and then applicable IRS guidance (including transition relief).

The Plan is maintained by the Company for the purpose of providing benefits for a select group of management or highly compensated employees, in excess of the limitations on benefits and contributions imposed by Sections 401(a)(17) and 415 of the Code. The Plan is unfunded for purposes of Title I of ERISA.

I. DEFINITIONS

When used in the Plan, the following terms have the meanings indicated unless a different meaning is plainly required by the context.

“2004 Plan” means the terms of the Plan in place as of December 31, 2004.

“Account” means a book entry account established and maintained in the Company’s records in the name of a Participant pursuant to Article III of the Plan.

“Administrator” is defined in Section 7.1.

“Affiliate” means all persons with whom the Company would be considered a single employer under Code section 414(b) or 414(c).

“Beneficiary” means the person or persons entitled to receive benefits under the Plan in the event of the Participant’s death as provided in Section 6.3.

“Board” means the Board of Directors of The Toro Company.

“Change Election” means a Participant’s election under Section 6.2(b) to change the method of payment of amounts payable under the Plan, made in the manner prescribed by the Administrator.

“Change of Control” means:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of fifteen percent (15%) or more of either (i) the then-outstanding shares of Common Stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (w) any acquisition directly from the Company, (x) any acquisition by the Company, (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (z) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this definition; or

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation of the Company or sale or other disposition of all or substantially all of the assets of the Company or the acquisition by the Company of assets or stock of another entity (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, fifteen percent (15%) or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

“Code” means the Internal Revenue Code of 1986, as amended, including, when the context requires, all regulations, interpretations and rulings issued thereunder.

“Committee” means the Compensation and Human Resources Committee of the Board or any successor committee and its delegates with respect to the Plan.

“Common Stock” means the Company’s common stock, par value \$1.00 per share, and related preferred share purchase rights, as such shares may be adjusted in accordance with the Performance Share Plan.

“Company” means The Toro Company, a Delaware corporation. Except as used in Articles VII and VIII, “Company” also includes any Participating Subsidiary.

“Compensation” means all amounts received or entitled to be received by a Participant from the Company or an Affiliate for services performed prior to the Participant’s Separation from Service that are subject to federal income tax withholding; provided that (a) Compensation shall not include any amount received by a Participant on account of the grant or exercise of an option to purchase Common Stock of the Company or on account of any other amount received in connection with an award that is based on the value of the Common Stock of the Company, (b) Compensation shall include an amount equal to any reductions in a Participant’s gross income as a result of salary reductions under Section 125, 132(f)(4) or 402(e)(3) of the Code, and the Participant’s elective deferrals under any Company sponsored non-qualified deferred compensation plan, (c) Compensation shall include only amounts paid or deferred in connection with the Participant’s annual base salary and the Company’s annual cash incentive plans, and (d) Compensation shall not include any amount received by a Participant for services rendered after the Participant’s Separation from Service or that constitutes separation pay.

“Disability” or “Disabled” means the Participant is (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (b) receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Company employees because of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (c) determined to be totally disabled by the Social Security Administration or Railroad Retirement Board; or (d) determined to be disabled in accordance with the Company’s long term disability plan, provided that such plan’s definition complies with Treasury Regulation Section 1.409A-3(i)(4).

“Distribution Election Form” means a form provided by the Administrator through which a Participant makes the distribution elections provided for in Articles III and VI.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“IRS” means the Internal Revenue Service.

“Participant” means any employee of the Company or a Participating Subsidiary who meets the conditions described in Article II of the Plan.

“Participating Subsidiary” means a Subsidiary of the Company to which the Plan has been extended by action of the Board or by action of the Committee, if the Board of Directors has authorized the Committee to so act.

“Plan” means the Supplemental Benefit Plan, as amended.

“Plan Year” means the calendar year.

“Retirement Plan” means The Toro Company Investment, Savings and Employee Stock Ownership Plan or any successor or replacement plan.

“Separation from Service” means any termination of employment with the Company and all Affiliates due to retirement, death, disability, resignation, termination or other reason, provided, however, that no Separation from Service is deemed to occur while a Participant is on a bona fide leave of absence that does not exceed six months, or if longer, the period during which the Participant’s right to reemployment with the Company or any Affiliate is provided by statute or by contract. A Separation from Service shall also include such other change in employment status that constitutes a “separation from service” under Section 409A of the Code.

“Specified Employee” means, for purposes of complying with the requirements of Code section 409A(a)(2)(B)(i) (relating to the 6-month delay of benefit distribution payable on account of a Separation from Service), a Participant who is a key employee as defined in Code section 416(i) (without regard to Code section 416(i)(5)) of the Company or any Affiliate at any time during the calendar year ending December 31, shall be treated as a Specified Employee for the entire 12-month period beginning on the next following April 1. For calendar years ending prior to January 1, 2017, a Participant will be treated as a key employee during a calendar year if the Participant was an elected officer at any time during the calendar year. For calendar years beginning on or after January 1, 2017, a Participant will be treated as a key employee if the Participant was an officer as defined for purposes of Section 16 of the Securities Exchange Act of 1934 at any time during the calendar year.

“Stable Return Fund Measure” means the earnings rate paid or credited from time to time on assets held in the Stable Return Fund or such other fund maintained to replace the Stable Return Fund under the Retirement Plan.

“Subsidiary” means any corporation that is a component member of the controlled group of corporations of which the Company is the common parent. Controlled group shall be determined by reference to Section 1563 of the Code but shall include any corporation described in Section 1563(b) (2) thereof.

“Surviving Spouse” means a person who is legally married to a Participant at the date of the Participant’s death and for at least one year prior thereto. Beginning June 26, 2013, a person is treated as legally married to a Participant if they are legally married under the law of any jurisdiction.

“Trust” means the trust established or maintained by the Company that is used in connection with the Plan to assist the Company in meeting its obligations under the Plan.

“Trustee” means the corporation or individual selected by the Company to serve as trustee for the Trust.

“Unforeseeable Emergency” means a severe financial hardship to a Participant resulting from an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary or the Participant’s dependent (as defined in Code Section 152, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)); loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, (a) imminent foreclosure of or eviction from the Participant’s primary residence may constitute an Unforeseeable Emergency; (b) the need to pay for medical expenses, including nonrefundable deductibles, as well as for the costs of prescription drug medications, may constitute an Unforeseeable Emergency; (c) the need to pay for the funeral expenses of a spouse, a Beneficiary or a dependent (as defined in Code Section 152, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)) may also constitute an Unforeseeable Emergency; and (d) the purchase of a home and the payment of college tuition are not Unforeseeable Emergencies.

II. ELIGIBILITY AND PARTICIPATION

An employee who satisfies the conditions of this Article II and whose benefits under the Retirement Plan are or will be reduced because of the limitations on contributions and benefits imposed by Section 401(a)(17) or 415 of the Code shall be a Participant in the Plan.

A Participant in the Plan must be an employee of the Company or of a Participating Subsidiary receiving annual Compensation at a rate equal to or greater than the limitation established pursuant to Section 401(a)(17) of the Code, as such amount may be adjusted from time to time by the Secretary of the Treasury.

Once an employee becomes a Participant, the Participant’s Account under the Plan will remain in effect until distributed as provided herein, even if for any subsequent Plan Year or portion thereof the employee is ineligible to be a Participant or ceases to be a Participant for any other reason.

III. SUPPLEMENTAL ACCOUNT

3.1 Establishment of Account

The Company shall establish and maintain an Article III account for each Participant and shall credit such account for each Plan Year with an amount equal to the amounts described in Section 3.2 and 3.3.

3.2 Credits to Article III Account

The amount credited to a Participant's Article III account for each Plan Year or portion thereof during which the employee is a Participant shall equal the difference between:

(a) the aggregate amount of employer contributions (not including a Participant's 401(k) contributions or related matching contributions) and forfeitures that would have been allocated or reallocated to the Participant under the Retirement Plan, based on the Participant's Compensation, and without regard to the limitations imposed by Sections 401(a)(17) or 415 of the Code, and

(b) the aggregate amount of employer contributions (not including a Participant's 401(k) contributions or related matching contributions) and forfeitures actually allocated or reallocated to the Participant under the Retirement Plan.

Amounts credited to a Participant's Article III account for any Plan Year shall be credited as of the end of such Plan Year.

3.3 Earnings on Amounts Credited

Amounts credited to a Participant's Article III Account shall be credited with earnings at a rate and in a manner authorized by the Administrator from time to time; provided that the earnings rate for all Participants shall be based on a Participant's selection from any fund made available by the Administrator from time to time. Earnings shall be credited as of the end of each business day that the Administrator authorizes the Plan's recordkeeping system to determine the value of gains and losses. Notwithstanding the foregoing, for Participants who did not make a one-time election as of October 31, 2006 to allocate all funds in all accounts, past and future, so that earnings are based on the rate of return from one or more of the funds provided above, the earnings shall be determined based on the Stable Return Fund Measure. The Administrator will not be responsible to any Participant, Beneficiary or other person for any damages, losses or liabilities, costs or expenses of any kind arising in connection with any designation of a fund or the Participant's designation of a crediting rate fund.

IV. SUPPLEMENTAL RETIREMENT BENEFIT

Any supplemental retirement benefit due under Article IV of the Plan immediately prior to January 1, 2017 will be governed by the terms of the Plan as in effect immediately prior to the January 1, 2017 restatement of the Plan.

V. SUPPLEMENTAL SURVIVING SPOUSE BENEFIT

Any supplemental Surviving Spouse benefit due under Article V of the Plan immediately prior to January 1, 2017 will be governed by the terms of the Plan as in effect immediately prior to the January 1, 2017 restatement of the Plan.

VI. DISTRIBUTIONS

6.1 Distribution of Article III Accounts

Subject to Section 6.5, all amounts credited to a Participant's Account in accordance with Article III, including earnings credits under Section 3.3, shall be distributed to or with respect to a Participant immediately following the Participant's Separation from Service, including by reason of death. Available methods of distribution are (i) substantially equal annual, quarterly or monthly installment payments over a period not to exceed ten years or (ii) a single lump-sum distribution. The amount of a Participant's substantially equal installment payment is determined when benefits commence and redetermined each subsequent January by dividing (i) the balance of the Account that is subject to the installment distribution at the end of the month preceding the month in which the first payment for the calendar year is to be made by (ii) the number of installment payments remaining to be made.

6.2 Election of Distribution Method for Article III Accounts

(a) Each Participant shall elect on a Distribution Election Form the method of distribution of the Participant's Article III account. The Distribution Election Form must be submitted to the Administrator, or its delegate, within 30 days after the date an individual becomes eligible to participate in the Plan. The election shall become effective and irrevocable upon its receipt by the Committee. If no election has been made by the required time, the Participant shall be deemed to have elected to receive the amounts credited to the Participant's Article III account in a lump-sum payment. Any change in this default election must be made in accordance with Section 6.2(b). This Section 6.2(a) shall not apply to any individual who, though newly eligible to participate in the Plan, was previously eligible to participate in the Plan and for whom an Article III account is currently maintained. For such an individual, the prior Distribution Election Form in effect on or after January 1, 2009 shall remain in effect unless the Participant changes the election in accordance with Section 6.2(b).

(b) Subject to Section 6.4, a Participant may change the Participant's method of payment by electing another method available under the Plan by completing and submitting a Change Election to the Administrator, or its delegate, at any time up to one year before the date of the Participant's Separation from Service. Such Change Elections are subject to the following: (i) any change shall not take effect until at least 12 months after the date on which the Change Election is made, (ii) the Change Election must be made at least 12 months before the date the payment is scheduled to be made (or in the case of installment or annuity payments treated as a single payment, the date the first amount was scheduled to be paid); and (iii) in the case of an Change Election relating to payments other than on account of an Unforeseeable Emergency, death or Disability of the Participant, the payment shall be deferred for a period of not less than five years from the date such payment would otherwise have been paid (or in the case of installment or annuity payments treated as a single payment, five years from the date the first amount would otherwise have been paid).

6.3 Death Prior to Completion of Distributions for Article III Accounts

If a Participant dies before the full amount of the Participant's Article III account has been distributed, any remaining amounts shall be distributed to the Participant's Beneficiary by a method designated by the Participant in the Participant's Distribution Election Form. If a Participant has not designated a Beneficiary or method of distribution, or if no designated Beneficiary is living on the date of distribution, such amounts shall be distributed to the personal representative (executor or administrator) of the Participant's estate in a lump-sum distribution as soon as administratively feasible following the Participant's death (but in no event later than the end of the calendar year following the calendar year in which the Participant died).

6.4 Limitation on Election of Distribution Method

A Participant may make only one Change Election with respect to distribution of any amount payable under the Plan.

6.5 Six-Month Suspension for Payments to Specified Employees

In the case of a Participant who is a Specified Employee as of the date of the Participant's Separation from Service, all payments under the Plan to which the Participant is otherwise entitled on account of a Separation from Service for a reason other than death shall be delayed to the extent necessary so that the first payment made to the Participant is not made earlier than six months following the Participant's Separation from Service (or, if earlier, the date of death of the Specified Employee) as required under Treasury Regulation Section 1.409A-3(i)(2).

6.6 Unforeseeable Emergencies

In the event a Participant incurs an Unforeseeable Emergency as determined by the Administrator based on the relevant facts and circumstances, the Participant may make a written request to the Administrator for a hardship withdrawal from the Participant's Account established under Article III. Upon receiving such a request, the Administrator may make a distribution from the Participant's Article III Account. Withdrawals of amounts because of an Unforeseeable Emergency are only permitted to the extent reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the distribution). A distribution on account of an Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship.

6.7 Acceleration or Delay of Distributions

The Administrator in its sole discretion may exercise discretion to accelerate or delay the distribution of any payment under the Plan, if, and only to the extent, allowed under Code section 409A.

VII. ADMINISTRATION OF THE PLAN

7.1 Administrator

The Company shall be the Administrator of the Plan. The Committee shall act on behalf of the Company with respect to the administration of the Plan and may delegate authority with respect to the administration of the Plan to a committee, a person or persons as it deems necessary or appropriate for the administration and operation of the Plan, including the Vice President, Human Resources and the Vice President, Secretary and General Counsel, which such officers may further delegate authority with respect to the administration of the Plan.

7.2 Authority of Administrator

The Administrator shall have the authority, duty and power to interpret and construe the provisions of the Plan in its sole discretion and as it deems appropriate; to adopt, establish and revise rules, procedures and regulations relating to the Plan; to determine the conditions subject to which any benefits may be payable; to resolve all questions concerning the status and rights of Participants and others under the Plan, including, but not limited to, eligibility for benefits; and to make any other determinations necessary or advisable for the administration of the Plan. The Administrator shall have the duty and responsibility of maintaining records, making the requisite calculations and disbursing the payments hereunder. The Administrator's interpretations, determinations, regulations and calculations shall be final and binding on all persons and parties concerned.

7.3 Operation of the Plan

The Administrator shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof. The Company shall be responsible for payment of the expenses incurred in the administration of the Plan. The Administrator shall be responsible for determining eligibility for payments and the amounts payable pursuant to the Plan. The Administrator shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by or on behalf of the Company with respect to the Plan.

7.4 Claims Procedures

The Company intends to make payments under the Plan without requiring that a Participant submit a claim form. However, a Participant who believes a payment is due under the Plan may submit a claim for payments. For claims procedure purposes, the Administrator shall administer the claims process on behalf of the Company. The procedures in this Section 7.4 are intended to comply with Section 503 of ERISA and Section 2560.503-1 of the Department of Labor Regulations and pertain to claims by Participants and Beneficiaries ("claimants") for Plan benefits, consideration of such claims and review of claim denials. For purposes of these procedures, a "claim" is a request for a benefit by a Participant or Beneficiary under the Plan. A claim is filed when the requirements of these procedures have been met.

(a) If a claim is wholly or partially denied, notice of the decision, meeting the requirements of Section 7.4(b), shall be furnished to the claimant within a reasonable period of time after receipt of the claim by the Company. If notice of the denial of a claim is not furnished in accordance with this Section 7.4(a) within a reasonable period of time, the claim shall be deemed denied and the claimant shall be permitted to proceed to the review stage described in Section 7.4(c). For purposes of this Section 7.4(a), the period of time for notification to the claimant will not exceed 90 days (45 days for Disability claims) after receipt of the claim by the Company, unless special circumstances require an extension of time for processing the claim. If such an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day period (45 days for Disability claims). In no event shall such extension exceed a period of 90 days (30 days for Disability claims) from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the final decision (see the paragraph below for the contents of the extension notice with respect to Disability claims).

In addition, with respect to Disability claims, if, prior to the end of the first 30-day extension period, the Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided that the Administrator notifies the claimant, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the Plan expects to render a decision. Both notices of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the claimant shall be afforded at least 45 days within which to provide the specified information.

(b) The Administrator shall provide to every claimant who is denied a claim for benefits written notice setting forth in a manner calculated to be understood by the claimant:

- (i) the specific reason or reasons for the denial;
- (ii) specific reference to pertinent provisions of the Plan on which the denial is based;
- (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;
- (iv) appropriate information as to the steps to be taken if the Participant or Beneficiary wishes to submit a claim for review; and
- (v) in the case of an adverse benefit determination regarding Disability benefits, if an internal rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination, either a copy of the specific rule, guideline, protocol or other similar criterion, or a statement that such rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol or other criterion will be provided free of charge to the claimant upon request.

(c) If a claim is denied in whole or in part and if the claimant is dissatisfied with the disposition of the claim, the claimant or the claimant's duly authorized representative shall have a reasonable opportunity to appeal the denied claim to the Administrator or to a person designated by the Administrator, and shall have a full and fair review of the claim and its denial. Under this review procedure, a claimant or the claimant's duly authorized representative may:

- (i) request a review upon written application to the Administrator;
- (ii) review pertinent documents; and
- (iii) submit issues and comments in writing.

A claimant must file such a request for review of a denied claim within a reasonable period of time, not to exceed 60 days (180 days for Disability claims) after receipt by the claimant of written notification of denial of a claim.

(d) A decision by the Administrator shall be made promptly and shall not ordinarily be made later than 60 days (45 days for Disability claims) after the receipt by the Administrator of a request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than 120 days (90 days for Disability claims) after receipt of a request for review. If an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent provisions of the Plan on which the decision is based. The decision on review shall be furnished to the claimant within the period of time described in this subsection (d). If the decision on review is not furnished within such time, the claim shall be deemed denied on review.

VIII. AMENDMENT OR TERMINATION

The Company reserves the power to amend or terminate the Plan at any time by action of the Committee which may, but need not be ratified by the Board.

No amendment or termination of the Plan shall directly or indirectly reduce the balance of any account described in Article III as of the effective date of such amendment or termination. Upon termination of the Plan, distribution of amounts credited to such account shall be made to the Participant or the Participant's Beneficiary in accordance with Article VI. No additional credits or contributions will be made to any account under the Plan after termination of the Plan, but gains or losses will continue to be credited to the Participant's account under the Plan until all benefits are distributed to the Participant or the Participant's Beneficiary.

No amendment or termination of the Plan shall directly or indirectly deprive any current or former Participant or Surviving Spouse of all or any portion of any benefit under Article IV or Article V of the Plan, payment of which has commenced prior to the effective date of such amendment or termination or which would be payable if the Participant terminated employment for any reason, including death, on such effective date.

Any acceleration of the time and form of payment as a result of the termination of the Plan shall be in accordance with Treasury Regulation Section 1.409A-3(j)(4)(ix).

IX. SOURCE OF PAYMENTS; NATURE OF INTEREST

9.1 The Trust

The Company has established a Trust that may be used to pay benefits arising under the Plan and costs, charges and expenses relating thereto. Funds deposited in the Trust shall remain the sole and exclusive property of the Company. To the extent that the funds held in the Trust are insufficient to pay such benefits, costs, charges and expenses, the Company shall pay them.

9.2 No Alienation

Except as the Committee determines is required by law or order of a court of competent jurisdiction, neither the benefits payable hereunder nor the right to receive future benefits under the Plan may be anticipated, alienated, sold, transferred, assigned, pledged, encumbered or subjected to any charge or legal process, and no interest or right to receive a benefit may be taken, either voluntarily or involuntarily, for the satisfaction of the debts of, or other obligations or claims against, any person or entity, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings.

9.3 Unfunded Plan

The Plan at all times shall be considered entirely unfunded both for tax purposes and for purposes of Title I of ERISA. Funds invested under the Plan, including amounts held in the Trust, shall continue for all purposes to be part of the general assets of the Company and available to the general creditors of the Company in the event of the Company's bankruptcy (when the Company is involved in a pending proceeding under the Federal Bankruptcy Code) or insolvency (when the Company is unable to pay its debts as they mature). In the event of the Company's bankruptcy or insolvency, the Company shall notify the Trustee in writing of such occurrence promptly following the date the Company obtains knowledge of such occurrence. No Participant, Surviving Spouse, Beneficiary or any other person shall have any interest in any particular assets of the Company by reason of the right to receive a benefit under the Plan, and to the extent the Participant, Surviving Spouse, Beneficiary or any other person acquires a right to receive benefits under the Plan, such right shall be no greater than the right of any general unsecured creditor of the Company. The Plan constitutes a mere promise by the Company to make payments to the Participants, Surviving Spouses, or Beneficiaries in the future.

9.4 No Guaranty

Nothing contained in the Plan shall constitute a guaranty by the Company or any other person or entity that any funds in the Trust or the assets of the Company will be sufficient to pay any benefit hereunder.

9.5 Transfers to the Trust

On the occurrence of a Change of Control, the Company shall transfer cash or property to the Trust in an amount equal to the present value of all accumulated or accrued benefits then payable to or on behalf the Participant or Participants under the Plan, plus any applicable fees. The Company may also transfer cash or property to the Trust in an amount equal to the present value of all accumulated or accrued benefits then payable under the Plan at any time in the sole discretion of the Company. Thereafter, the Company shall, for each Plan Year, transfer cash or property no later than 30 days after the end of the Plan Year in which the initial transfer occurs, and thereafter on each anniversary thereof, to the Trust for the benefit of each affected individual in an amount equal to the additional benefit accrued under the terms of the Plan during and in relation to the most recent Plan Year then ended. In the event of a transfer, the accounts of the Participants, established pursuant to Article III shall be credited with interest or earnings and losses in accordance with Section 3.3.

9.6 Unsecured General Creditor

Participants, Surviving Spouses, Beneficiaries and their heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company or of the Trust. For purposes of the payment of benefits under the Plan, any and all of the Company's assets including any assets of the Trust shall be, and remain until paid, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall consist solely of an unfunded and unsecured promise to pay money in the future.

X. GENERAL PROVISIONS

10.1 No Right of Employment

No Participant or Surviving Spouse shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. Establishment of the Plan shall not be construed to give any Participant the right to be retained in the service of the Company or any Subsidiary.

10.2 Incompetency

If any person entitled to a benefit payment under the Plan is declared incompetent and a conservator or other person legally charged with the care of such person or the estate of such person is appointed, any benefits under the Plan to which such person is entitled shall be paid to such conservator or other person. Except as provided above, when the Administrator determines that such person is unable to manage such person's financial affairs, the Administrator may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Company and the Plan therefor.

10.3 Corporate Changes

The Plan shall not be automatically terminated by a transfer or sale of assets of the Company or by the merger or consolidation of the Company into or with any other corporation or other entity, but the Plan shall be continued after such sale, merger or consolidation only if and to the extent that the transferee, purchaser or successor entity agrees to continue the Plan. In the event that the Plan is not continued by the transferee, purchaser or successor entity, then the Plan shall terminate subject to the provisions of Article VIII.

10.4 Addresses

Each Participant shall keep the Company informed of the Participant's current address and the current address of the Participant's spouse or designated Beneficiary. The Company shall not be obligated to search for any person.

10.5 Limitations on Liability

Notwithstanding any of the preceding provisions of the Plan, neither the Company nor any individual acting as an employee or agent of the Company shall be liable to any Participant, former Participant, Surviving Spouse, Beneficiary or any other person for any claim, loss, liability or expense incurred in connection with the Plan, unless attributable to fraud or willful misconduct on the part of the Company or any such employee or agent of the Company.

10.6 Inspection

Each Participant shall receive a copy of the Plan, and the Company will make available for inspection by any Participant or Beneficiary a copy of any rules and regulations that are used by the Company in administering the Plan.

10.7 Withholding

Any amounts payable pursuant to the Plan may be reduced by the amount of any federal, state or local taxes that the Company reasonably determines is required by law to be withheld with respect to such payments. In addition, any amount payable pursuant to the Plan may be reduced by any amount owed by the Participant to the Company or any Subsidiary if, and only to the extent, permitted under Code section 409A.

10.8 Singular and Plural

Except when otherwise required by the context, any singular terminology shall include the plural.

10.9 Severability

If a provision of the Plan shall be held to be illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

10.10 Discharge of Obligations

The payment of benefits under the Plan to a Participant, Surviving Spouse, or any Beneficiary shall fully and completely discharge the Company and the Committee from all further obligations under the Plan with respect to the Participant, and any Beneficiary or Surviving Spouse.

10.11 Governing Law

To the extent that it is not governed by United States federal law, the Plan 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 of the Plan to the substantive law of another jurisdiction.

10.12 Successors

The provisions of the Plan shall bind and inure to the benefit of the Company and the Company’s successors and assigns, the Participant, and the Participant’s Surviving Spouse and designated Beneficiaries.

10.13 No Assurance of Tax Consequences

Neither the Company nor the Board nor any other person guarantees or assures a Participant, Surviving Spouse or Beneficiary of any particular federal or state income tax, payroll tax or other tax consequence of participation in the Plan. A Participant should consult with professional tax advisors regarding all questions related to the tax consequences of participation.

10.14 Code Section 409A

The Plan document is intended to comply with the requirements of Code Section 409A (including accompanying regulations and current IRS guidance) and conform to the current operation of the Plan. The terms of the Plan shall be interpreted, operated and administered in a manner consistent with this intention to the extent the Committee deems necessary to comply with Code Section 409A and any official guidance issued thereunder.

THE TORO COMPANY

By: /s/ Amy E. Dahl

Name: Amy E. Dahl

Its: Vice President, Human Resources

THE TORO COMPANY
DEFERRED COMPENSATION PLAN

Amended and Restated Effective January 1, 2017

TABLE OF CONTENTS

	Page
I. DEFINITIONS	1
II. ELIGIBILITY; PARTICIPATION; DEFERRAL	5
2.1 Eligibility	5
2.2 Participation	5
2.3 Deferral Election	6
III. PARTICIPANTS' ACCOUNTS	6
3.1 General	6
3.2 Deferral Credits	7
3.3 Company Credits	7
3.4 Earnings on Participant Accounts	7
IV. VESTING	7
V. DISTRIBUTIONS	7
5.1 Distributable Events	7
5.2 Distribution of Benefits	8
5.3 Other Distributions	9
5.4 Commencement of Distributions	9
5.5 Six-Month Delay for Payments to Specified Employee	10
5.6 Acceleration or Delay of Distribution	10
VI. BENEFICIARY DESIGNATION	10
VII. ADMINISTRATION OF THE PLAN	10
7.1 Administrator	10
7.2 Authority of Administrator	11
7.3 Operation of Plan	11
7.4 Claims Procedures	11
VIII. AMENDMENT OR TERMINATION	13
8.1 Amendment	13
8.2 Termination	13
IX. SOURCE OF PAYMENTS; NATURE OF INTEREST	14
9.1 Trust	14
9.2 No Alienation	14
9.3 Unfunded Plan	14
9.4 No Guaranty	14
9.5 Transfers to the Trust	14
9.6 Unsecured General Creditor	15
X. GENERAL PROVISIONS	15
10.1 No Right of Employment	15
10.2 Incompetency	15
10.3 Corporate Changes	15
10.4 Addresses	16

10.5	Limitations on Liability	16
10.6	Inspection	16
10.7	Withholding	16
10.8	Singular and Plural	16
10.9	Severability	16
10.10	Discharge of Obligations	16
10.11	Governing Law	17
10.12	Successors	17
10.13	No Assurance of Tax Consequences	17
10.14	Code Section 409A	17

**THE TORO COMPANY DEFERRED
COMPENSATION PLAN**

Amended and Restated Effective January 1, 2017

The Toro Company hereby amends and restates its Deferred Compensation Plan, most recently amended and restated effective January 1, 2009 (the "Plan"). This amendment and restatement continues to apply to all amounts deferred on or after January 1, 2005. All grandfathered amounts earned and vested as of December 31, 2004 shall continue to be governed by the 2004 Plan in accordance with then applicable IRS guidance. All amounts earned or vested from January 1, 2005 through December 31, 2008 shall be governed by the terms of the Plan document, as modified by the operations of the Plan during such period in accordance with Code Section 409A and then applicable IRS guidance (including transition relief).

The Plan is an unfunded retirement plan maintained by The Toro Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of ERISA sections 201(2), 301(a)(3) and 401(a)(1).

I. DEFINITIONS

When used in the Plan document, the following terms have the meanings indicated unless a different meaning is plainly required by the context.

"2004 Plan" means the terms of The Toro Company Deferred Compensation Plan in place as of December 31, 2004.

"Account" means a book entry account established and maintained in the Company's records in the name of the Participant pursuant to Article III.

"Administrator" is defined in Section 7.1.

"Affiliate" means all persons with whom the Company would be considered a single employer under Code section 414(b) or 414(c).

"Beneficiary," means the person or persons selected by the Participant to receive the benefits provided under the Plan in the event of the Participant's death as provided in Article VI.

"Board" means the Board of Directors of the Company.

“Bonus Plan” means the annual performance awards granted under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended from time to time, and any successor plan designated as such by the Board.

“Change Election” means a Participant’s election under Section 5.2(c) to change the method of payment of amounts payable under the Plan, made in the manner prescribed by the Administrator.

“Change of Control” means:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of fifteen percent (15%) or more of either (i) the then-outstanding shares of Common Stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (w) any acquisition directly from the Company, (x) any acquisition by the Company, (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (z) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this definition; or

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation of the Company or sale or other disposition of all or substantially all of the assets of the Company or the acquisition by the Company of assets or stock of another entity (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, fifteen percent (15%) or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such

corporation, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

“Code” means the Internal Revenue Code of 1986, as amended, including, when the context requires, all regulations, interpretations and rulings issued thereunder.

“Committee” means the Compensation and Human Resources Committee of the Board or any successor committee and its delegates with respect to the Plan.

“Common Stock” means the Company’s common stock, par value \$1.00 per share, and related preferred share purchase rights, as such shares may be adjusted in accordance with the Performance Share Plan.

“Company” means The Toro Company, a Delaware corporation. Except as used in Articles VII and VIII, “Company” also includes any participating Subsidiary.

“Compensation” means all amounts received, or entitled to be received, by a Participant from the Company or any Affiliate that are subject to federal income tax withholding; provided that (a) Compensation shall not include any amount received by a Participant on account of the grant or exercise of an option to purchase Common Stock, or on account of any other amount received in connection with an award under the Performance Share Plan or successor plan that is based on the value of Common Stock; (b) Compensation shall include an amount equal to any reductions in a Participant’s gross income as a result of salary reductions under Section 125, 132(f)(4) or 402(e)(3) of the Code or a deferral under this Plan; (c) Compensation includes cash payments to which an employee may be entitled under the Bonus Plan or any other cash performance bonus plan; and (d) Compensation shall not include any amount received by a Participant for services rendered after the Participant’s Separation from Service or that constitutes separation pay.

“Deferral Election” means a Participant’s election under Section 2.3, made in a manner prescribed by the Administrator.

“Disability” means the Participant is (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (b) receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Company employees because of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (c) determined to be totally disabled by the Social Security Administration or Railroad Retirement Board; or (d) determined to be disabled in accordance with the Company’s long term disability plan, provided that such plan’s definition complies with Treasury Regulation Section 1.409 A-3(i)(4).

“Eligible Employee” means an employee of the Company or a Subsidiary who is classified by the Company or a Subsidiary at the director level or above and who is determined by the Company to be a member of a select group of management or highly compensated employees and eligible to participate in this Plan.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Fiscal Year” means the fiscal year of the Company, which begins on November 1 and ends on the following October 31.

“IRS” means the Internal Revenue Service.

“Participant” means an Eligible Employee who delivers a Deferral Election in accordance with Section 2.3.

“Performance Share Plan” means The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended from time to time, and any successor plan designated as such by the Board. For performance-based equity awards granted prior to March 16, 2010, Performance Share Plan means The Toro Company Performance Share Plan.

“Plan” means the Deferred Compensation Plan, as set forth in this document and amended from time to time.

“Plan Year” means the calendar year.

“Retirement Plan” means The Toro Company Investment, Savings and Employee Stock Ownership Plan or any successor or replacement plan.

“Separation from Service” means any termination of employment with the Company and all Affiliates due to retirement, death, disability, resignation, termination or other reason, provided, however, that no Separation from Service is deemed to occur while a Participant is on a bona fide leave of absence that does not exceed six months, or if longer, the period during which the Participant’s right to reemployment with the Company or any Affiliate is provided by statute or by contract. A Separation from Service shall also include such other change in employment status that constitutes a “separation from service” under Code section 409A.

“Specified Employee” means, for purposes of complying with the requirements of Code section 409A(a)(2)(B)(i) (relating to the 6-month delay of benefit distribution payable on account of a Separation from Service), a Participant who is a key employee as defined in Code section 416(i) (without regard to Code section 416(i)(5)) of the Company or any Affiliate at any time during the calendar year ending December 31, shall be treated as a Specified Employee for the entire 12-month period beginning on the next following April 1. For calendar years ending prior to January 1, 2017, a Participant will be treated as a key employee during a calendar year if the Participant was an elected officer at any time during the calendar year. For calendar years beginning on or after January 1, 2017, a Participant will be treated as a key employee if the Participant was an officer as defined for purposes of Section 16 of the Securities Exchange Act of 1934 at any time during the calendar year.

“Stable Return Fund Measure” means the earnings rate paid or credited from time to time on assets held in the Stable Return Fund, or such other fund maintained to replace the Stable Return Fund, under the Retirement Plan.

“Subsidiary” means any corporation that is a component member of the controlled group of corporations of which the Company is the common parent. Controlled group shall be determined by reference to Section 1563 of the Code but shall include any corporation described in Section 1563(b)(2) thereof.

“Trust” means the trust established or maintained by the Company that may be used in connection with the Plan to assist the Company in meeting its obligations under the Plan.

“Trustee” means the corporation or person or persons selected by the Company to serve as Trustee for the Trust.

“Unforeseeable Emergency” means a severe financial hardship to a Participant resulting from an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary or the Participant’s dependent (as defined in Code Section 152, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)); loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, (a) imminent foreclosure of or eviction from the Participant’s primary residence may constitute an Unforeseeable Emergency; (b) the need to pay for medical expenses, including nonrefundable deductibles, as well as for the costs of prescription drug medications, may constitute an Unforeseeable Emergency; (c) the need to pay for the funeral expenses of a spouse, a Beneficiary or a dependent (as defined in Code Section 152, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)) may also constitute an Unforeseeable Emergency; and (d) the purchase of a home and the payment of college tuition are not Unforeseeable Emergencies.

II. ELIGIBILITY; PARTICIPATION; DEFERRAL

2.1 Eligibility

An Eligible Employee is eligible to participate in the Plan.

2.2 Participation

An Eligible Employee will become a Participant in the Plan by executing and delivering to the Administrator, or its delegate, a Deferral Election as provided under Section 2.3.

Once an Eligible Employee has become a Participant, the Participant's Account under the Plan will remain in effect until distributed as provided herein, even if for any subsequent Plan Year or portion thereof the employee ceases to meet the eligibility requirements of this Article II or ceases to be a Participant for any other reason.

2.3 Deferral Election

(a) Compensation. A Participant may elect to defer Compensation for a calendar year by completing and submitting a Deferral Election to the Administrator, or its delegate, by December 31 to be effective in the following year. Notwithstanding the foregoing, elections to defer cash bonus Compensation, including but not limited to payments under the Bonus Plan, must be made on a Fiscal Year basis. A Participant may elect to defer such bonus Compensation by completing and submitting a Deferral Election to the Administrator, or its delegate, by the end of the Fiscal Year immediately preceding the Fiscal Year in which the services giving rise to the bonus are to be performed.

(b) Amount to be Deferred. A Deferral Election may designate such percentage of the Participant's Compensation to be deferred as established from time to time by the Administrator and set forth in the form of Deferral Election.

(c) Effectiveness. A Deferral Election shall take effect as of January 1 of the year following the year in which it is received or for the deferral of bonus Compensation payable on a Fiscal Year basis, the first day of the Company's Fiscal Year following the Fiscal Year in which the Deferral Election is received by the Administrator. A Deferral Election shall become irrevocable on the date it becomes effective.

(d) Eligibility. A Participant shall not be eligible to defer Compensation for any calendar year or bonus Compensation for any Fiscal Year following the year in which the Participant no longer satisfies the eligibility requirements of the Plan, unless the Committee in its discretion permits such a deferral.

(e) Cancellation of Deferral Election Upon 401(k) Hardship. Notwithstanding the foregoing, in the event that a Participant has received a hardship distribution during the Plan Year from any defined contribution plan with a Code section 401(k) cash or deferred arrangement maintained by the Company or any Affiliate, the Participant's deferrals to be credited under the Plan shall be cancelled through the end of the current Plan Year, or the end of the subsequent Plan Year if the six-month period under Treasury Regulation Section 1.401(k)-1(d)(3)(iv)(E)(2) does not end in the current Plan Year.

III. PARTICIPANTS' ACCOUNTS

3.1 General

The Company shall establish and maintain an Account, and appropriate subaccounts, for each Participant and shall credit such Accounts as provided under this Article III.

3.2 Deferral Credits

Amounts deferred by a Participant under Section 2.3 shall be credited to the Participants' Accounts.

3.3 Company Credits

The Company shall credit a Participant's Account as of December 31 each year with an amount equal to the difference between (a) the amount that would have been credited to the Participant's account under the Retirement Plan for the Plan Year had the Participant not made an election to defer Compensation for the year under Section 2.3 of the Plan, and (b) the amount actually credited to the Participant's account under the Retirement Plan as an employer contribution (other than 401(k) contributions or matching contributions) for the Plan Year.

3.4 Earnings on Participant Accounts

(a) Amounts held in an Account maintained for a Participant shall be credited with earnings at a rate and in a manner authorized by the Administrator from time to time; provided that the earnings rate shall be based on a Participant's selection from among fund choices made available by the Administrator from time to time, and provided further that such choices shall not include a Common Stock fund. Earnings shall be credited as of the end of each business day that the Administrator authorizes the Plan's recordkeeping system to determine the value of gains and losses. Notwithstanding the foregoing, for Participants who did not make a one-time election as of October 31, 2006 to allocate all funds in all Accounts, past and future, so that earnings are based on the rate of return from one or more of the funds made available by the Administrator as described above, the earnings shall be determined based on the Stable Return Fund Measure. The Administrator will not be responsible in any manner to any Participant, Beneficiary or other person for any damages, losses or liabilities, costs or expenses of any kind arising in connection with any designation of a fund or the Participant's designation of a crediting rate fund.

IV. VESTING

All amounts credited to a Participant's Accounts shall be 100% vested at all times.

V. DISTRIBUTIONS

5.1 Distributable Events

Benefits shall be payable under the Plan to or on behalf of a Participant, in accordance with the elections made by the Participant under the Plan, on account of the earliest to occur of the following events:

- (a) death;
- (b) Disability;
- (c) Separation from Service (other than on account of death); or

(d) the specified date under Section 5.3(a).

Benefit payments shall be made or commenced as provided under Section 5.4.

5.2 Distribution of Benefits

(a) Value of Benefits. In the event a Participant becomes eligible to receive a payment under the Plan, the Participant shall be entitled to receive the value of all the Participant's Accounts for which a benefit distribution is required.

(b) Election of Method of Payment. Benefits payable to a Participant or, in the event of the Participant's death, to the Participant's designated Beneficiary under the Plan, shall be paid in accordance with one of the available methods of payment referred to in Section 5.2(d) in accordance with the Participant's initial Deferral Election unless such Participant has elected to change the method of payment in accordance with Section 5.2(c).

(c) Change in Election of Method of Payment. A Participant may change the method of payment by electing another method available under the Plan by completing and submitting a Change Election to the Administrator, or its delegate, at any time up to one year before the date of the Participant's Separation from Service; provided, however, that a Participant may make only one such Change Election with respect to each applicable Plan Year deferral. Such Change Elections are also subject to the following: (i) any change shall not take effect until at least 12 months after the date on which the election change is made, and (ii) in the case of a Change Election relating to payments other than on account of an Unforeseeable Emergency, death or Disability of the Participant, the payment shall be deferred for a period of not less than five years after the date such payment would otherwise have been paid (or in the case of installment payments treated as a single payment, five years after the date the first installment would otherwise have been paid); and (iii) with respect to the fixed date distribution under 5.3(a) or installment distributions, the election is made at least 12 months prior to the date of the first scheduled payment.

(d) Available Methods of Payment. Available methods of payment are (i) substantially equal annual, quarterly or monthly installment payments over a period not to exceed ten years or (ii) a single lump-sum distribution. The amount of a Participant's substantially equal installment payment will be determined when benefits commence and re-determined each subsequent January by dividing (i) the balance of the Participant's Account that is subject to the installment distribution at the end of the month preceding the month in which the first payment for the calendar year is to be made by (ii) the number of installment payments remaining to be made.

(e) Absence of Election of Method of Payment. If a Participant fails to elect a method of payment in the Participant's initial Deferral Election, benefits payable under the Plan to or on behalf of a Participant shall be paid in a single distribution to the Participant, or in the event of the Participant's death, to the Participant's designated Beneficiary under the Plan. Any change in this default election must comply with Section 5.2(c).

(f) Death of Beneficiary. If a Beneficiary dies before the Beneficiary's interest in the Participant's Account is distributed in full, the remaining Account balance will be paid as soon as practicable in a single lump sum payment to the personal representative (executor or administrator) of the Beneficiary's estate.

5.3 Other Distributions

(a) Specified Date Distributions. A Participant may elect, in the Participant's Deferral Election with respect to such deferrals credited to the Participant's Account, to receive a single sum distribution of the Participant's Account in a specified year no earlier than two years following the year to which such Deferral Election applies.

(b) Unforeseeable Emergency Distribution. A Participant who incurs an Unforeseeable Emergency, as determined by the Administrator based on the relevant facts and circumstances, may make a written request to the Administrator for a hardship withdrawal from the Participant's account. Upon receiving such a request, the Administrator (i) shall cancel a Participant's deferrals under the Plan for the remainder of the Plan Year, and (ii) may make a distribution from the Participant's account. Withdrawals of amounts because of an Unforeseeable Emergency are permitted to the extent reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the distribution). A distribution on account of an Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under the Plan.

5.4 Commencement of Distributions

Payment of a benefit shall begin in accordance with the provisions of this Section 5.4.

(a) Death or Disability. If a benefit is payable because of a Participant's Disability, payment shall begin on the 15th day of the first month immediately following the month in which the determination of Disability is made. If a benefit is payable because of a Participant's death, payment shall begin on or after the 15th day of the first month immediately following the month in which the death occurred, but not later than the last day of the calendar year immediately following the calendar year in which the Participant's death occurred.

(b) Other Termination. Subject to Section 5.5, if a benefit is payable because of a Participant's Separation from Service with the Company and all Affiliates for any reason other than death, payment shall begin in the January immediately following the calendar year in which the Separation from Service occurs.

(c) In-Service Distribution. If a Participant has properly made a specified date distribution election under Section 5.3(a), which is triggered under Section 5.1, payment shall be made in the January of the calendar year in which the Participant has elected to receive the in-service distribution, as set forth in Participant's Deferral Election.

5.5 Six-Month Delay for Payments to Specified Employee

In the case of a Participant who is a Specified Employee as of the date of the Participant's Separation from Service, all payments under the Plan to which the Participant is otherwise entitled due to Separation from Service shall not be made or commenced prior to the first day of the month after six months have elapsed since the Participant's Separation from Service (or, if earlier, the date of death of the Specified Employee) as required under Treasury Regulation Section 1.409A-3(i)(2). For purposes of complying with the preceding sentence, the delay in the distribution of the first payment will be applied to each payment to which the Specified Employee is otherwise entitled upon a Separation from Service.

5.6 Acceleration or Delay of Distribution

The Administrator in its sole discretion may exercise discretion to accelerate or delay the distribution of any payment under this Plan, if, and only to the extent, allowed under Code section 409A.

VI. BENEFICIARY DESIGNATION

Each Participant shall have the right to designate one or more Beneficiaries (including primary and contingent Beneficiaries) to receive any benefits payable under the Plan. A Participant shall have the right to change a Beneficiary by designating a new Beneficiary in a manner and on a form approved by the Administrator.

If a Participant fails to designate a Beneficiary or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then payment shall be made to the personal representative (executor or administrator) of the Participant's estate.

VII. ADMINISTRATION OF THE PLAN

7.1 Administrator

The Company shall be the Administrator of the Plan. The Committee shall act on behalf of the Company with respect to the administration of the Plan and may delegate authority with respect to the administration of the Plan to a committee, a person or persons as it deems necessary or appropriate for the administration and operation of the Plan, including the Vice President, Human Resources and the Vice President, Secretary and General Counsel, which such officers may further delegate authority with respect to the administration of the Plan. It is the Company's intention that, with respect to Participants subject to Section 16 of the Securities Exchange Act of 1934, transactions under the Plan will comply with all applicable requirements of Rule 16b-3 or its successors and with any Company policy with respect to insider trading. To the extent any action by the Administrator fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee.

7.2 Authority of Administrator

The Administrator shall have the authority, duty and power to interpret and construe the provisions of the Plan in its sole discretion and as it deems appropriate; to adopt, establish and revise rules, procedures and regulations relating to the Plan; to determine the conditions subject to which any benefits may be payable; to resolve all questions concerning the status and rights of Participants and others under the Plan, including, but not limited to, eligibility for benefits; and to make any other determinations necessary or advisable for the administration of the Plan. The Administrator shall have the duty and responsibility of maintaining records, mailing the requisite calculations and disbursing payments hereunder. The determinations, interpretations, regulations and calculations of the Administrator shall be final and binding on all persons and parties concerned.

7.3 Operation of Plan

The Administrator shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof. The Company shall be responsible for the payment of expenses incurred in the administration of the Plan. The Administrator shall be responsible for determining eligibility for payments and the amounts payable pursuant to the Plan. The Administrator shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by or on behalf of the Company with respect to the Plan.

7.4 Claims Procedures

The Company intends to make payments under the Plan without requiring that a Participant submit a claim form. However, a Participant who believes a payment is due under the Plan may submit a claim for payments. For claims procedure purposes, the Administrator shall administer the claims process on behalf of the Company. The procedures in Section 7.4 are intended to comply with Section 503 of ERISA and Section 2560.503-1 of the Department of Labor Regulations and pertain to claims by Participants and Beneficiaries (“claimants”) for Plan benefits, consideration of such claim and review of claim denials. For these purposes, a “claim” is a request for benefits under the Plan and must be made by the claimant in writing filed with the Administrator and must state the claimant’s name and the nature of the benefits payable. A claim is filed when the requirements of these procedures have been met.

(a) If a claim is wholly or partially denied, notice of the decision, meeting the requirements of Section 7.4(b), shall be furnished to the claimant within a reasonable period of time after receipt of the claim by the Company. If notice of the denial of a claim is not furnished in accordance with this Section 7.4(a) within a reasonable period of time, the claim shall be deemed denied and the claimant shall be permitted to proceed to the review stage described in Section 7.4(c). For purposes of this Section 7.4(a), the period of time for notification to the claimant will not exceed 90 days (45 days for Disability claims) after receipt of the claim by the Company, unless special circumstances require an extension of time for processing the claim. If such an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day period (45 days for Disability claims). In no event shall such extension exceed a period of 90 days (30 days for Disability claims) from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the final decision (see the paragraph below for the contents of the extension notice with respect to Disability claims).

In addition, with respect to Disability claims, if, prior to the end of the first 30-day extension period, the Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided that the Administrator notifies the claimant, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the Plan expects to render a decision. Both notices of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the claimant shall be afforded at least 45 days within which to provide the specified information.

(b) The Administrator shall provide to every claimant who is denied a claim for benefits written notice setting forth in a manner calculated to be understood by the claimant:

- (i) the specific reason or reasons for the denial;
- (ii) specific reference to pertinent provisions of the Plan on which the denial is based;
- (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;
- (iv) appropriate information as to the steps to be taken if the Participant or Beneficiary wishes to submit a claim for review; and
- (v) in the case of an adverse benefit determination regarding Disability benefits, if an internal rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination, either a copy of the specific rule, guideline, protocol or other similar criterion; or a statement that such rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol or other criterion will be provided free of charge to the claimant upon request.

(c) If a claim is denied in whole or in part and if the claimant is dissatisfied with the disposition of the claim, the claimant or the claimant's duly authorized representative shall have a reasonable opportunity to appeal the denied claim to the Administrator or to a person designated by the Administrator, and shall have a full and fair review of the claim and its denial. Under this review procedure, a claimant or the claimant's duly authorized representative may:

- (i) request a review upon written application to the Administrator;
- (ii) review pertinent documents; and
- (iii) submit issues and comments in writing.

A claimant must file such a request for review of a denied claim within a reasonable period of time, not to exceed 60 days (180 days for Disability claims) after receipt by the claimant of written notification of denial of a claim.

(d) A decision by the Administrator shall be made promptly and shall not ordinarily be made later than 60 days (45 days for Disability claims) after the receipt by the Administrator of a request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than 120 days (90 days for Disability claims) after receipt of a request for review. If an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent provisions of the Plan on which the decision is based. The decision on review shall be furnished to the claimant within the period of time described in this Section 7.4(d). If the decision on review is not furnished within such time, the claim shall be deemed denied on review.

VIII. AMENDMENT OR TERMINATION

8.1 Amendment

The Company reserves the power to amend or terminate the Plan at any time by action of the Committee, which may, but need not be ratified by the Board; provided that no amendment or modification shall decrease the then current balances of a Participant's Accounts. No amendment or modification of the Plan shall affect the rights of any Participant or Beneficiary who has become entitled to the distribution of benefits under the Plan as of the date of the amendment or modification.

8.2 Termination

Although the Company anticipates that the Plan will continue for an indefinite period of time, it reserves the right to terminate the Plan at any time with respect to any or all Participants. Termination of the Plan shall not adversely affect the rights under the Plan of any Participant or Beneficiary who has become entitled to the payment of any Plan benefits as of the date of termination. Any acceleration of the time and form of payment as a result of the termination and liquidation of the Plan shall be in accordance with Treasury Regulation Section 1.409A-3(j)(4)(ix).

IX. SOURCE OF PAYMENTS; NATURE OF INTEREST

9.1 Trust

The Company has established a Trust that may be used to pay benefits arising under the Plan and costs, charges and expenses relating thereto. Funds deposited in the Trust shall remain the sole and exclusive property of the Company. To the extent that the funds held in the Trust are insufficient to pay such benefits, costs, charges and expenses, the Company shall pay them.

9.2 No Alienation

Except as the Committee determines is required by law or order of a court of competent jurisdiction, neither the amounts credited to a Participant's Account nor the right to receive future credits under the Plan may be anticipated, alienated, sold, transferred, assigned, pledged, encumbered, or subjected to any charge or legal process, and no interest or right to receive a benefit may be taken, either voluntarily or involuntarily, for the satisfaction of the debts of, or other obligations or claims against, any person or entity, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings.

9.3 Unfunded Plan

The Plan shall at all times be considered entirely unfunded both for tax purposes and for purposes of Title I of ERISA. Funds invested under the Plan, including amounts held in the Trust, shall continue for all purposes to be part of the general assets of the Company and available to the general creditors of the Company in the event of the Company's bankruptcy (when the Company is involved in a pending proceeding under the Federal Bankruptcy Code) or insolvency (when the Company is unable to pay its debts as they mature). In the event of such bankruptcy or insolvency, the Company shall notify the Trustee in writing of such an occurrence promptly following the date Company obtains knowledge of such occurrence. No Participant or any other person shall have any interests in any particular assets of the Company by reason of the right to receive a benefit under the Plan, and to the extent the Participant or any other person acquires a right to receive benefits under the Plan, such right shall be no greater than the right of any general unsecured creditor of the Company. The Plan constitutes a mere promise by the Company to make payments to the Participants in the future.

9.4 No Guaranty

Nothing contained in the Plan shall constitute a guaranty by the Company or any other person or entity that any funds in any trust or the assets of the Company will be sufficient to pay any benefit hereunder.

9.5 Transfers to the Trust

On the occurrence of a Change of Control or if a Participant elects to direct the investment of amounts credited to the Participant's account pursuant to Article IV, the Company shall transfer cash or property to the account or accounts maintained in the name of each affected Participant or Participants for the Plan under the Trust in an amount equal to the present value of all accumulated or accrued benefits then payable to or on behalf of such Participant or Participants under the Plan, plus any applicable fees. The Company may also transfer cash or property to the accounts maintained for any Participant under the Trust in an amount equal to the present value of all accumulated or accrued benefits then payable under the Plan at any time in the sole discretion of the Company. Thereafter, the Company may, and after a Change of Control it shall, for each Plan Year, transfer cash or property no

later than 30 days after the end of the Plan Year in which the initial transfer occurs, and thereafter on each anniversary thereof, to such account or accounts maintained for the affected Participant or Participants under the Trust an amount equal to the additional benefit accrued under the terms of the Plan during and in relation to the most recent Plan Year then ended. If a transfer occurs, the accounts of the Participants shall be credited with interest, or earnings and losses in accordance with Article III.

9.6 Unsecured General Creditor

Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company or of the Trust. For purposes of the payment of benefits under the Plan, any and all of the Company's assets including any assets of the Trust shall be, and remain until paid, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall consist solely of an unfunded and unsecured promise to pay money in the future.

X. GENERAL PROVISIONS

10.1 No Right of Employment

No Participant shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. Establishment and continuance of the Plan shall not be construed to give any Participant the right to be retained in the service of the Company or any Subsidiary.

10.2 Incompetency

If any person who may be eligible to receive a benefit payment under the Plan has been declared incompetent and a conservator or other person legally charged with the care of such person or of the estate of such person has been appointed, any benefits payable under the Plan that the person is eligible to receive shall be paid to such conservator or other person legally charged with the care of the person or such person's estate. Except as provided above, when the Administrator has determined that such a person is unable to manage such person's affairs, the Administrator may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such Person and a complete discharge of any liability of the Company and the Plan therefor.

10.3 Corporate Changes

The Plan shall not be automatically terminated by a transfer or sale of assets of the Company or by the merger or consolidation of the Company into or with any other corporation or other entity, but the Plan shall continue after such sale, merger or consolidation only if and to the extent that the transferee, purchaser or successor entity agrees to continue the Plan. In the event the Plan is not continued by the transferee, purchaser or successor entity, then the Plan shall terminate subject to the provisions of Article VIII.

10.4 Addresses

Each Participant shall keep the Company informed of the Participant's current address and the current address of the Participant's Beneficiary. The Company shall not be obligated to search for any person.

10.5 Limitations on Liability

Notwithstanding any of the provisions of the Plan to the contrary, neither the Company nor any individual acting as an employee or agent of the Company shall be liable to any Participant, any former Participant, or any other person for any claim, loss, liability or expense incurred in connection with the Plan, unless attributable to fraud or willful misconduct on the part of the Company or any such employee or agent of the Company.

10.6 Inspection

Each Participant shall receive a copy of the Plan and the Company will make available for inspection by any Participant or designated Beneficiary a copy of any rules and regulations that are used by the Company in administering the Plan.

10.7 Withholding

Any amounts payable pursuant to the Plan may be reduced by the amount of any federal, state or local taxes that the Company reasonably determines is required by law to be withheld with respect to such payments. In addition, any amount payable pursuant to the Plan may be reduced by any amount owed by the Participant to the Company or any Subsidiary if, and only to the extent, permitted under Code Section 409A.

10.8 Singular and Plural

Except when otherwise required by the context, any singular terminology shall include the plural.

10.9 Severability

If a provision of the Plan shall be held to be illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

10.10 Discharge of Obligations

The payment of benefits under the Plan to a Participant or any Beneficiary shall fully and completely discharge the Company, the Administrator and the Committee from all further obligations under the Plan with respect to the Participant and any Beneficiary.

10.11 Governing Law

To the extent that it is not governed by United States federal law, the Plan shall be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, excluding any conflicts of law rule or principle that might otherwise refer construction or interpretation of the Plan or a deferral election to the substantive law of another jurisdiction.

10.12 Successors

The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

10.13 No Assurance of Tax Consequences

Neither the Company nor the Board nor any other person guarantees or assures a Participant or Beneficiary of any particular federal or state income tax, payroll tax or other tax consequence of participation in the Plan. A Participant should consult with professional tax advisors regarding all questions related to the tax consequences of participation.

10.14 Code Section 409A

The Plan document is intended to comply with the requirements of Code Section 409A (including accompanying regulations and current IRS guidance) and conform to the current operation of the Plan. The terms of the Plan shall be interpreted, operated and administered in a manner consistent with this intention to the extent the Committee deems necessary to comply with Code Section 409A and any official guidance issued thereunder.

THE TORO COMPANY

By: /s/ Amy E. Dahl

Name: Amy E. Dahl

Title: Vice President, Human Resources

THE TORO COMPANY
DEFERRED COMPENSATION PLAN FOR OFFICERS

Amended and Restated Effective January 1, 2017

TABLE OF CONTENTS

	Page
I. DEFINITIONS	1
II. ELIGIBILITY; PARTICIPATION; DEFERRAL	6
2.1 Eligibility	6
2.2 Participation	6
2.3 Deferral Election	6
III. PARTICIPANTS' ACCOUNTS	7
3.1 General	7
3.2 Deferral Credits	7
3.3 Account	7
3.4 Continuation of Accounts	8
IV. VESTING	8
V. DISTRIBUTIONS	8
5.1 Distributable Events	8
5.2 Distribution of Benefits	8
5.3 Other Distributions	9
5.4 Commencement of Distributions	10
5.5 Form of Payment	10
5.6 Six-Month Delay for Payments to Specified Employee	11
5.7 Acceleration or Delay of Distribution	11
VI. BENEFICIARY DESIGNATION	11
VII. ADMINISTRATION OF THE PLAN	11
7.1 Administrator	11
7.2 Authority of Administrator	12
7.3 Operation of Plan	12
7.4 Claims Procedures	12
VIII. AMENDMENT OR TERMINATION	14
8.1 Amendment or Termination of the Plan	14
8.2 Accounts After Termination	14
IX. SOURCE OF PAYMENTS; NATURE OF INTEREST	15
9.1 Trust	15
9.2 No Alienation	15
9.3 Unfunded Plan	15
9.4 No Guaranty	15
9.5 Transfers to the Trust	16
9.6 Unsecured General Creditor	16
X. GENERAL PROVISIONS	16
10.1 No Right of Employment	16
10.2 Incompetency	16
10.3 Corporate Changes	17
10.4 Addresses	17
10.5 Limitations on Liability	17

10.6	Inspection	17
10.7	Withholding	17
10.8	Voting of Stock	17
10.9	Singular and Plural	17
10.10	Severability	18
10.11	Discharge of Obligations	18
10.12	Governing Law	18
10.13	Successors	18
10.14	No Assurance of Tax Consequences	18
10.15	Code Section 409A	18

**THE TORO COMPANY
DEFERRED COMPENSATION PLAN FOR OFFICERS**

Amended and Restated Effective January 1, 2017

The Toro Company hereby amends and restates its Deferred Compensation Plan for Officers, most recently amended and restated effective January 1, 2009. This amendment and restatement continues to apply to all amounts deferred on or after January 1, 2005. All grandfathered amounts earned and vested as of December 31, 2004 shall continue to be governed by the 2004 Plan document in accordance with then applicable IRS guidance. All amounts earned or vested from January 1, 2005 through December 31, 2008 shall be governed by the terms of the Plan document, as modified by the operations of the Plan during such period in accordance with Code Section 409A and then applicable IRS guidance (including transition relief).

The Plan is an unfunded retirement plan maintained by The Toro Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of ERISA sections 201(2), 301(a)(3) and 401(a)(1). Specifically, selected employees of the Company are provided the opportunity to defer receipt of Performance Shares that may be payable under the Performance Share Plan through credits under the Plan in the form of Units and distribution in the form of Common Stock.

I. DEFINITIONS

When used in the Plan, the following terms have the meanings indicated unless a different meaning is plainly required by the context:

“2004 Plan” means the terms of The Toro Company Deferred Compensation Plan for Officers in place as of December 31, 2004.

“Account” means a book entry account established and maintained in the Company’s records in the name of a Participant pursuant to Article III of the Plan, and includes Retained Units Accounts, Matching Units Accounts and Performance Share Units Accounts.

“Administrator” is defined in Section 7.1.

“Affiliate” means all persons with whom the Company would be considered a single employer under Code section 414(b) or 414(c).

“AMIP II” means, for cash performance awards issued prior to March 16, 2010, The Toro Company Annual Management Incentive Plan II, as amended from time to time, and any successor plan designated as such by the Board.

“Award Term” means the performance period established for an award granted under the Performance Share Plan.

“Board” means the Board of Directors of the Company.

“Beneficiary” means the person or persons selected by the Participant to receive the benefits provided under the Plan in the event of the Participant’s death as provided in Article VI.

“Bonus Plan” means the annual performance awards granted under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended from time to time, and any successor plan designated as such by the Board.

“Change Election” means a Participant’s election under Section 5.2(c) to change the method of payment of amounts payable under the Plan, made in the manner prescribed by the Administrator.

“Change of Control” means:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of fifteen percent (15%) or more of either (i) the then-outstanding shares of Common Stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (w) any acquisition directly from the Company, (x) any acquisition by the Company, (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (z) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this definition; or

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation of the Company or sale or other disposition of all or substantially all of the assets of the Company or the acquisition by the Company of assets or stock of another entity (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, fifteen percent (15%) or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such

Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

“Code” means the Internal Revenue Code of 1986, as amended, including, when the context requires, all regulations, interpretations and rulings issued thereunder.

“Committee” means the Compensation and Human Resources Committee of the Board, or any successor committee, and its delegates with respect to the Plan.

“Common Stock” means the Company’s common stock, par value \$1.00 per share, and the related preferred share purchase rights, as such shares may be adjusted in accordance with the Performance Share Plan.

“Common Stock Units Account” means an Account denominated in Units (including fractions) that are credited in accordance with Section 3.3 and includes the Retained Units Account, the Matching Units Account and the Performance Share Units Account.

“Company” means The Toro Company, a Delaware corporation. Except as used in Articles VII and VIII, “Company” also includes any participating Subsidiary.

“Deferral Election” means a Participant’s election under Section 2.3, made in a manner prescribed by the Administrator.

“Disability” means the Participant is (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (b) receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Company employees because of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (c) determined to be totally disabled by the Social Security Administration or Railroad Retirement Board; or (d) determined to be disabled in accordance with the Company’s long term disability plan, provided that such plan’s definition complies with Treasury Regulation Section 1.409A-3(i)(4).

“Eligible Officer” means an Employee who is granted a Performance Share Award.

“Employee” means (a) an officer of the Company or a Subsidiary or (b) any other employee of the Company or a Subsidiary who is determined by the Company to be a member of a select group of management or highly compensated employees.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Fair Market Value” means the closing price of one share of Common Stock as reported by the New York Stock Exchange, except that where a different meaning is established in the Performance Share Plan for any particular purpose, that meaning shall govern for that purpose.

“Fiscal Year” means the fiscal year of the Company, which begins on November 1 and ends on the following October 31.

“IRS” means the Internal Revenue Service.

“Matching Units Account” means an Account previously established under the Plan in connection with AMIP II compensation, with entries denominated in Units (including fractions), but to which no additional Units may be credited, except with respect to additional Units (or fractions thereof) equal in value to dividends paid on an equivalent value of Common Stock, if any, in accordance with Section 3.3(c).

“Participant” means an Eligible Officer who delivers a Deferral Election in accordance with Sections 2.2 and 2.3 and for whom amounts are actually credited to an Account. An individual shall not cease to be a Participant if the person ceases to be an Eligible Officer, as long as amounts remain credited to such Participant’s Accounts. A Beneficiary, a spouse or former spouse, or an executor or personal administrator of a Participant’s estate shall not be treated as a Participant even if such individual or the Participant’s estate has an interest in the Participant’s benefits under the Plan.

“Performance Shares” are rights to receive shares of Common Stock or Units, awarded under the Performance Share Plan.

“Performance Share Units Account” means an Account with entries denominated in Units that are credited in accordance with Section 3.3.

“Performance Share Award” means the award that sets forth the number of Performance Shares granted to an Eligible Officer under the Performance Share Plan.

“Performance Share Plan” means The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended from time to time, and any successor plan designated as such by the Board. For performance-based equity awards granted prior to March 16, 2010, Performance Share Plan means The Toro Company Performance Share Plan.

“Plan” means the Deferred Compensation Plan for Officers, as set forth in this document and amended from time to time.

“Plan Year” means the calendar year.

“Retirement Plan” means The Toro Company Investment, Savings and Employee Stock Ownership Plan or any successor or replacement plan.

“Retained Units Account” means an Account previously established under the Plan in connection with AMIP II compensation, with entries denominated in Units (including fractions), but to which no additional Units may be credited, except with respect to additional Units (or fractions thereof) equal in value to dividends paid on an equivalent value of Common Stock, if any, in accordance with Section 3.3(c).

“Separation from Service” means any termination of employment with the Company and all Affiliates due to retirement, death, disability, resignation, termination or other reason, provided, however, that no Separation from Service is deemed to occur while a Participant is on a bona fide leave of absence that does not exceed six months, or if longer, the period during which the Participant’s right to reemployment with the Company or any Affiliate is provided by statute or by contract. A Separation from Service shall also include such other change in employment status that constitutes a “separation from service” under Code section 409A.

“Specified Employee” means, for purposes of complying with the requirements of Code section 409A(a)(2)(B)(i) (relating to the 6-month delay of benefit distribution payable on account of a Separation from Service), a Participant who is a key employee as defined in Code section 416(i) (without regard to Code section 416(i)(5)) of the Company or any Affiliate at any time during the calendar year ending December 31, shall be treated as a Specified Employee for the entire 12-month period beginning on the next following April 1. For calendar years ending prior to January 1, 2017, a Participant will be treated as a key employee during a calendar year if the Participant was an elected officer at any time during the calendar year. For calendar years beginning on or after January 1, 2017, a Participant will be treated as a key employee if the Participant was an officer as defined for purposes of Section 16 of the Securities Exchange Act of 1934 at any time during the calendar year.

“Subsidiary” means any corporation that is a component member of the controlled group of corporations of which the Company is the common parent. Controlled group shall be determined by reference to Section 1563 of the Code but shall include any corporation described in Section 1563(b)(2) thereof.

“Trust” means the trust established or maintained by the Company that may be used in connection with the Plan to assist the Company in meeting its obligations under the Plan.

“Trustee” means the corporation or person or persons selected by the Company to serve as Trustee for the Trust.

“Unforeseeable Emergency” means a severe financial hardship to a Participant resulting from an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary or the Participant’s dependent (as defined in Code Section 152, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)); loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, (a) imminent foreclosure of or eviction from the Participant’s primary residence may constitute an Unforeseeable Emergency; (b) the need to pay for medical expenses, including nonrefundable deductibles, as well as for the costs of prescription drug

medications, may constitute an Unforeseeable Emergency; (c) the need to pay for the funeral expenses of a spouse, a Beneficiary or a dependent (as defined in Code Section 152, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)) may also constitute an Unforeseeable Emergency; and (d) the purchase of a home and the payment of college tuition are not Unforeseeable Emergencies.

“Unit” means a denomination that has a value equal to one share of Common Stock, subject to adjustment by the Committee as contemplated by Section 3.3(b) of the Plan.

II. ELIGIBILITY; PARTICIPATION; DEFERRAL

2.1 Eligibility

An Eligible Officer is eligible to participate in the Plan.

2.2 Participation

An Eligible Officer may become a Participant in the Plan by executing and delivering to the Administrator, or its delegate, a Deferral Election as provided under Section 2.3.

2.3 Deferral Election

(a) Performance Share Award. An Eligible Officer may elect to defer Performance Shares that may be delivered in settlement of a Performance Share Award by completing and submitting a Deferral Election to the Administrator, or its delegate, on or before the date that is the last day of the Fiscal Year immediately prior to the commencement of the last Fiscal Year of the Award Term to which the Performance Share Award relates, provided that the Eligible Officer performs services continuously from the later of the beginning of the Award Term or the date the performance goals are established by the Committee through the date an election is made. In no event may a Deferral Election be made after such compensation has become “readily ascertainable” as defined in Treasury Regulation Section 1.409A-2(a)(8).

(b) Amount to be Deferred. A Deferral Election may designate up to 100% of the Performance Shares in a Performance Share Award to be deferred.

(c) Effectiveness. Following delivery, a Deferral Election under this Section 2.3 will be effective and irrevocable upon the latest date it may be made under Section 2.3(a).

(d) Cancellation of Deferral Election Upon 401(k) Hardship. Notwithstanding the foregoing, in the event that a Participant has received a hardship distribution during the Plan Year from any defined contribution plan with a Code section 401(k) cash or deferred arrangement maintained by the Company or any Affiliate, the Participant’s deferrals to be credited under the Plan shall be canceled through the end of the current Plan Year, or the end of the subsequent Plan Year if the six-month period under Treasury Regulation Section 1.401(k)-1(d)(3)(iv)(E)(2) does not end in the current Plan Year.

III. PARTICIPANTS' ACCOUNTS

3.1 General

The Company shall establish and maintain an Account, and appropriate subaccounts, for each Participant and shall credit such Accounts as provided under this Article III.

3.2 Deferral Credits

(a) Credit to Account. Amounts deferred by a Participant under Section 2.3(a) shall be credited to the Participant's Performance Share Units Account.

(b) Certification Required. No Units or other amount shall be credited to the Participant's Performance Share Units Account with respect to any Performance Share Award until the Committee has certified in writing as required by the Performance Share Plan that the performance goals established with respect to such award have been achieved and Performance Shares in such award have vested.

(c) Number of Units to be Credited. The number of Performance Share Units to be credited to a Participant's Performance Share Units Account with respect to a Performance Share Award shall be the portion of the total number of Performance Shares in the award that is subject to the Deferral Election.

3.3 Account

(a) Separate Accounts. The value of each of a Participant's Retained Units Account and Matching Units Account, if any, and Performance Share Units Account shall be accounted for separately.

(b) Account Value. Subject to the provisions of this Section 3.3(b), the value of Units in a Participant's Common Stock Units Account shall fluctuate with the Fair Market Value of the Common Stock. In the event of a corporate transaction involving the Company (including, without limitation, any merger, consolidation, recapitalization, reorganization, split off, spin off, reclassification, combination, stock dividend, stock split, reverse stock split, repurchase, exchange, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or change in the corporate structure of the Company affecting the Common Stock, or a sale by the Company of all or part of its assets or any distribution to stockholders other than a normal cash dividend), the Committee shall adjust Accounts to preserve their benefits or potential benefits. Action by the Committee may include (i) appropriate adjustments in the number of Units then credited to an Account; (ii) conversion of Units to other new or different securities into which the Common Stock may be converted; (iii) conversion to a cash balance, or (iv) any other adjustment the Committee determines to be equitable and consistent with the purposes of the Plan. In the event that Common Stock is converted into cash in connection with a corporate transaction described in this Section 3.4(b), the value of the Units in any Account shall be converted to a dollar amount by multiplying the number of Units in each Account by the Fair Market Value of a share of Common Stock on the date of the corporate transaction, and such cash amounts shall thereafter be credited with interest at a rate and in a manner determined by the Company to be consistent with the average prime rate of interest charged by U.S. Bank, National Association to its individual borrowers. If the Trust is funded in the event of a Change of Control, the Trustee shall have authority to change the method of determining the interest crediting rate.

(c) Dividends. In the event that the Company pays dividends on its Common Stock, each Common Stock Units Account shall be credited with additional Units (including fractions). The number of additional Units to be credited shall be determined by dividing the aggregate dollar value of the dividends that would be paid on the Units, if such Units were Common Stock, by the Fair Market Value of one share of the Common Stock on the dividend payment date.

3.4 Continuation of Accounts

Notwithstanding that a Participant ceases to be an Eligible Officer, any Accounts established for such Participant shall continue to be maintained until distribution in accordance with the Plan and the Participant's Deferral Election.

IV. VESTING

All amounts credited to a Participant's Accounts shall be 100% vested at all times.

V. DISTRIBUTIONS

5.1 Distributable Events

Benefits shall be payable under the Plan to or on behalf of a Participant, in accordance with the elections made by the Participant under the Plan, on account of the earliest to occur of the following events:

- (a) death;
- (b) Disability;
- (c) Separation from Service (other than on account of death); or
- (d) the specified date under Section 5.3(a).

Benefit payments shall be made or commenced as provided under Section 5.4.

5.2 Distribution of Benefits

(a) Value of Benefits. In the event a Participant becomes eligible to receive a payment under the Plan, the Participant shall be entitled to receive the value of all the Participant's Accounts for which a benefit distribution is required.

(b) Election of Method of Payment. Benefits payable to a Participant or, in the event of the Participant's death, to the Participant's designated Beneficiary under the Plan, shall be paid in accordance with one of the available methods of payment referred to in Section 5.2(d) in accordance with the Participant's initial Deferral Election unless such Participant has elected to change the method of payment in accordance with Section 5.2(c).

(c) Change in Election of Method of Payment. A Participant may change the method of payment by electing another method available under the Plan by completing and submitting a Change Election to the Administrator, or its delegate, at any time up to one year before the date of the Participant's Separation from Service; provided, however, that a Participant may make only one such Change Election with respect to each applicable Plan Year deferral. Such Change Elections are also subject to the following: (i) any change shall not take effect until at least 12 months after the date on which the election change is made, and (ii) in the case of a Change Election relating to payments other than on account of an Unforeseeable Emergency, death or Disability of the Participant, the payment shall be deferred for a period of not less than five years after the date such payment would otherwise have been paid (or in the case of installment payments treated as a single payment, five years after the date the first installment would otherwise have been paid); and (iii) with respect to the fixed date distribution under 5.3(a) or installment distributions, the election is made at least 12 months prior to the date of the first scheduled payment.

(d) Available Methods of Payment. Available methods of payment are (i) substantially equal annual, quarterly or monthly installment payments over a period not to exceed ten years or (ii) a single lump-sum distribution. The amount of a Participant's substantially equal installment payment will be determined when benefits commence and re-determined each subsequent January by dividing (i) the balance of the Participant's Account that is subject to the installment distribution at the end of the month preceding the month in which the first payment for the calendar year is to be made by (ii) the number of installment payments remaining to be made.

(e) Absence of Election of Method of Payment. If a Participant fails to elect a method of payment in the Participant's initial Deferral Election, benefits payable under the Plan to or on behalf of a Participant shall be paid in a single distribution to the Participant, or in the event of the Participant's death, to the Participant's designated Beneficiary under the Plan. Any change in this default election must comply with Section 5.2(c).

(f) Death of Beneficiary. If a Beneficiary dies before the Beneficiary's interest in the Participant's Account is distributed in full, the remaining Account balance will be paid as soon as practicable in a single lump sum payment to the personal representative (executor or administrator) of the Beneficiary's estate.

5.3 Other Distributions

(a) Specified Date Distributions. A Participant may elect, in the Participant's Deferral Election with respect to such deferrals credited to the Participant's Account, to receive a single sum distribution of the Participant's Account in a specified year no earlier than two years following the year to which such Deferral Election applies.

(b) Unforeseeable Emergency Distribution. A Participant who incurs an Unforeseeable Emergency, as determined by the Administrator based on the relevant facts and circumstances, may make a written request to the Administrator for a hardship withdrawal from the Participant's account. Upon receiving such a request, the Administrator (i) shall cancel a Participant's deferrals under the Plan for the remainder of the Plan Year, and (ii) may make a distribution from the Participant's account. Withdrawals of amounts because of an Unforeseeable Emergency are permitted to the extent reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the distribution). A distribution on account of an Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise,

by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under the Plan.

5.4 Commencement of Distributions

Payment of a benefit shall begin in accordance with the provisions of this Section 5.4.

(a) Death or Disability. If a benefit is payable because of a Participant's Disability, payment shall begin on the 15th day of the first month immediately following the month in which the determination of Disability is made. If a benefit is payable because of a Participant's death, payment shall begin on or after the 15th day of the first month immediately following the month in which the death occurred, but not later than the last day of the calendar year immediately following the calendar year in which the Participant's death occurred.

(b) Other Termination. Subject to Section 5.6, if a benefit is payable because of a Participant's Separation from Service with the Company and all Affiliates for any reason other than death, payment shall begin in the January immediately following the calendar year in which the Separation from Service occurs.

(c) In-Service Distribution. If a Participant has properly made a specified date distribution election under Section 5.3(a), which is triggered under Section 5.1, payment shall be made in the January of the calendar year in which the Participant has elected to receive the in-service distribution, as set forth in Participant's Deferral Election.

5.5 Form of Payment

If a benefit is payable to or on behalf of a Participant under the Plan, vested Units in the Participant's Common Stock Units Account shall be distributed in the form of an equal number of shares of Common Stock, and any vested fractional Unit, in the discretion of the Administrator, may be converted into a cash payment based on the Fair Market Value of the Common Stock immediately prior to distribution. Common Stock to be distributed under this Plan shall be issued under the Performance Share Plan, subject to all the terms and conditions of the Performance Share Plan; provided that any shares issued as a result of the crediting of dividends under Section 3.3(c) after March 16, 2010 will be issued under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, or, if designated by the Board, a successor to such plan. The terms contained in the Performance Share Plan are incorporated by reference into and made a part of this Plan with respect to such shares of Common Stock distributed under this Plan. In the event of any actual or alleged conflict between provisions of the Performance Share Plan and the provisions of this Plan, the Performance Share Plan shall be controlling.

5.6 Six-Month Delay for Payments to Specified Employee

In the case of a Participant who is a Specified Employee as of the date of the Participant's Separation from Service, all payments under the Plan to which the Participant is otherwise entitled due to Separation from Service shall not be made or commenced prior to the first day of the month after six months have elapsed since the Participant's Separation from Service (or, if earlier, the date of death of the Specified Employee) as required under Treasury Regulation Section 1.409A-3(i)(2). For purposes of complying with the preceding sentence, the delay in the distribution of the first payment will be applied to each payment to which the Specified Employee is otherwise entitled upon a Separation from Service.

5.7 Acceleration or Delay of Distribution

The Administrator in its sole discretion may exercise discretion to accelerate or delay the distribution of any payment under this Plan, if, and only to the extent, allowed under Code section 409A.

VI. BENEFICIARY DESIGNATION

Each Participant shall have the right to designate one or more Beneficiaries (including primary and contingent Beneficiaries) to receive any benefits payable under the Plan. A Participant shall have the right to change a Beneficiary by designating a new Beneficiary in a manner and on a form approved by the Administrator.

If a Participant fails to designate a Beneficiary or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then payment shall be made to the personal representative (executor or administrator) of the Participant's estate.

VII. ADMINISTRATION OF THE PLAN

7.1 Administrator

The Company shall be the Administrator of the Plan. The Committee shall act on behalf of the Company with respect to the administration of the Plan and may delegate authority with respect to the administration of the Plan to a committee, a person or persons as it deems necessary or appropriate for the administration and operation of the Plan, including the Vice President, Human Resources and the Vice President, Secretary and General Counsel, which such officers may further delegate authority with respect to the administration of the Plan. It is the Company's intention that, with respect to Participants subject to Section 16 of the Securities Exchange Act of 1934, transactions under the Plan will comply with all applicable requirements of Rule 16b-3 or its successors and with any Company policy with respect to insider trading. To the extent any action by the Administrator fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee.

7.2 Authority of Administrator

The Administrator shall have the authority, duty and power to interpret and construe the provisions of the Plan in its sole discretion and as it deems appropriate; to adopt, establish and revise rules, procedures and regulations relating to the Plan; to determine the conditions subject to which any benefits may be payable; to resolve all questions concerning the status and rights of Participants and others under the Plan, including, but not limited to, eligibility for benefits; and to make any other determinations necessary or advisable for the administration of the Plan. The Administrator shall have the duty and responsibility of maintaining records, mailing the requisite calculations and disbursing payments hereunder. The determinations, interpretations, regulations and calculations of the Administrator shall be final and binding on all persons and parties concerned.

7.3 Operation of Plan

The Administrator shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof. The Company shall be responsible for the payment of expenses incurred in the administration of the Plan. The Administrator shall be responsible for determining eligibility for payments and the amounts payable pursuant to the Plan. The Administrator shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by or on behalf of the Company with respect to the Plan.

7.4 Claims Procedures

The Company intends to make payments under the Plan without requiring that a Participant submit a claim form. However, a Participant who believes a payment is due under the Plan may submit a claim for payments. For claims procedure purposes, the Administrator shall administer the claims process on behalf of the Company. The procedures in Section 7.4 are intended to comply with Section 503 of ERISA and Section 2560.503-1 of the Department of Labor Regulations and pertain to claims by Participants and Beneficiaries (“claimants”) for Plan benefits, consideration of such claim and review of claim denials. For these purposes, a “claim” is a request for benefits under the Plan and must be made by the claimant in writing filed with the Administrator and must state the claimant’s name and the nature of the benefits payable. A claim is filed when the requirements of these procedures have been met.

(a) If a claim is wholly or partially denied, notice of the decision, meeting the requirements of Section 7.4(b), shall be furnished to the claimant within a reasonable period of time after receipt of the claim by the Company. If notice of the denial of a claim is not furnished in accordance with this Section 7.4(a) within a reasonable period of time, the claim shall be deemed denied and the claimant shall be permitted to proceed to the review stage described in Section 7.4(c). For purposes of this Section 7.4(a), the period of time for notification to the claimant will not exceed 90 days (45 days for Disability claims) after receipt of the claim by the Company, unless special circumstances require an extension of time for processing the claim. If such an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day period (45 days for Disability claims). In no event shall such extension exceed a period of 90 days (30 days for Disability claims) from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the final decision (see the paragraph below for the contents of the extension notice with respect to Disability claims).

In addition, with respect to Disability claims, if, prior to the end of the first 30-day extension period, the Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided that the Administrator notifies the claimant, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date as of which the Plan expects to render a decision. Both notices of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the claimant shall be afforded at least 45 days within which to provide the specified information.

(b) The Administrator shall provide to every claimant who is denied a claim for benefits written notice setting forth in a manner calculated to be understood by the claimant:

- (i) the specific reason or reasons for the denial;
- (ii) specific reference to pertinent provisions of the Plan on which the denial is based;
- (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;
- (iv) appropriate information as to the steps to be taken if the Participant or Beneficiary wishes to submit a claim for review; and
- (v) in the case of an adverse benefit determination regarding Disability benefits, if an internal rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination, either a copy of the specific rule, guideline, protocol or other similar criterion or a statement that such rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol or other criterion will be provided free of charge to the claimant upon request.

(c) If a claim is denied in whole or in part and if the claimant is dissatisfied with the disposition of the claim, the claimant or the claimant's duly authorized representative shall have a reasonable opportunity to appeal the denied claim to the Administrator or to a person designated by the Administrator, and shall have a full and fair review of the claim and its denial. Under this review procedure, a claimant or the claimant's duly authorized representative may:

- (i) request a review upon written application to the Administrator;
- (ii) review pertinent documents; and
- (iii) submit issues and comments in writing.

A claimant must file such a request for review of a denied claim within a reasonable period of time, not to exceed 60 days (180 days for Disability claims) after receipt by the claimant of written notification of denial of a claim.

(d) A decision by the Administrator shall be made promptly and shall not ordinarily be made later than 60 days (45 days for Disability claims) after the receipt by the Administrator of a request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than 120 days (90 days for Disability claims) after receipt of a request for review. If an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent provisions of the Plan on which the decision is based. The decision on review shall be furnished to the claimant within the period of time described in this Section 7.4(d). If the decision on review is not furnished within such time, the claim shall be deemed denied on review.

VIII. AMENDMENT OR TERMINATION

8.1 Amendment or Termination of the Plan

The Company reserves the power to amend or terminate the Plan at any time by action of the Committee, which may, but need not be ratified by the Board; provided, that no amendment or termination of the Plan may alter, impair or reduce any benefit of a Participant under the Plan to which such Participant may have previously become entitled prior to the effective date of such amendment or termination, without the written consent of such Participant, no amendment may be made that would contravene the amendment and termination provisions of AMIP II, the Bonus Plan or the Performance Share Plan, if applicable, and no amendment may increase the benefits payable to a Participant who is referred to in Section 162(m) of the Code unless AMIP II, the Bonus Plan or the Performance Share Plan, as the case may be, has first been amended to permit an increase, in accordance with the amendment provisions of AMIP II, the Bonus Plan or the Performance Share Plan, relating to stockholder approval.

8.2 Accounts After Termination

No further Units (or fractions thereof) shall be credited to any Account of any Participant after the date on which the Plan is terminated, except that (a) Accounts shall continue to be credited with additional Units (and fractions thereof) equal in value to dividends paid on an equivalent value of Common Stock, if any, in accordance with Section 3.3(c) until all benefits are distributed to a Participant or to the Participant's beneficiaries, and (b) the distribution provisions of the Plan shall continue in effect as if the Plan had not been terminated. Accordingly, upon such termination of the Plan the benefits credited to the Accounts shall be payable in accordance with the elections made by the Participants and the distribution provisions of the Plan. In the event that the Committee and the Board properly terminate the Plan so that the time and form of payment are accelerated as a result of such termination, then the time and form of payment shall be in accordance with Treasury Regulation Section 1.409A-3(j)(4)(ix).

IX. SOURCE OF PAYMENTS; NATURE OF INTEREST

9.1 Trust

The Company has established a Trust that may be used to pay benefits arising under the Plan and costs, charges and expenses relating thereto. Funds deposited in the Trust shall remain the sole and exclusive property of the Company. To the extent that the funds held in the Trust are insufficient to pay such benefits, costs, charges and expenses, the Company shall pay them.

9.2 No Alienation

Except as the Committee determines is required by law or order of a court of competent jurisdiction, amounts credited to a Participant's Accounts, and any rights or privileges pertaining thereto, may not be anticipated, alienated, sold, transferred, assigned, pledged, encumbered or subjected to any charge or legal process, and no interest or right to receive a benefit may be taken, either voluntarily or involuntarily, for the satisfaction of the debts of, or other obligations or claims against, any person or entity, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings.

9.3 Unfunded Plan

The Plan shall at all times be considered entirely unfunded both for tax purposes and for purposes of Title I of ERISA. Funds invested under the Plan, including amounts held in the Trust, shall continue for all purposes to be part of the general assets of the Company and available to the general creditors of the Company in the event of the Company's bankruptcy (when the Company is involved in a pending proceeding under the Federal Bankruptcy Code) or insolvency (when the Company is unable to pay its debts as they mature). In the event of such bankruptcy or insolvency, the Company shall notify the Trustee in writing of such an occurrence promptly following the date Company obtains knowledge of such occurrence. No Participant or any other person shall have any interests in any particular assets of the Company by reason of the right to receive a benefit under the Plan, and to the extent a Participant or any other person acquires a right to receive benefits under the Plan, such right shall be no greater than the right of any general unsecured creditor of the Company. The Plan constitutes a mere promise by the Company to make payments to the Participants in the future.

9.4 No Guaranty

Nothing contained in the Plan shall constitute a guaranty by the Company or any other person or entity that any funds in any trust or the assets of the Company will be sufficient to pay any benefit hereunder.

9.5 Transfers to the Trust

On the occurrence of a Change of Control, the Company shall transfer cash or property to the account or accounts maintained in the name of each affected Participant or Participants for the Plan under the Trust in an amount equal to the present value of all accumulated or accrued benefits then payable to or on behalf of such Participant or Participants under the Plan, plus any applicable fees. The Company may also transfer cash or property to the accounts maintained for any Participant under the Trust in an amount equal to the present value of all accumulated or accrued benefits then payable under the Plan at any time in the sole discretion of the Company. Thereafter, the Company may, and after a Change of Control it shall, for each Plan Year, transfer cash or property no later than 30 days after the end of the Plan Year in which the initial transfer occurs, and thereafter on each anniversary thereof, to such account or accounts maintained for the affected Participant or Participants under the Trust an amount equal to the additional benefit accrued under the terms of the Plan during and in relation to the most recent Plan Year then ended.

9.6 Unsecured General Creditor

Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company or of the Trust. For purposes of the payment of benefits under the Plan, any and all of the Company's assets including any assets of the Trust shall be, and remain until paid, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall consist solely of an unfunded and unsecured promise to pay money in the future.

X. GENERAL PROVISIONS

10.1 No Right of Employment

No Participant shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. Establishment and continuance of the Plan shall not be construed to give any Participant the right to be retained in the service of the Company or any Subsidiary.

10.2 Incompetency

If any person who may be eligible to receive a benefit payment under the Plan has been declared incompetent and a conservator or other person legally charged with the care of such person or of the estate of such person has been appointed, any benefit payable under the Plan that the person is eligible to receive shall be paid to such conservator or other person legally charged with the care of the person or such person's estate. Except as provided above, when the Administrator has determined that such a person is unable to manage such person's affairs, the Administrator may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such Person and a complete discharge of any liability of the Company and the Plan therefor.

10.3 Corporate Changes

The Plan shall not be automatically terminated by a transfer or sale of assets of the Company or by the merger or consolidation of the Company into or with any other corporation or other entity, but the Plan shall continue after such sale, merger or consolidation only if and to the extent that the transferee, purchaser or successor entity agrees to continue the Plan. In the event the Plan is not continued by the transferee, purchaser or successor entity, then the Plan shall terminate subject to the provisions of Article VIII.

10.4 Addresses

Each Participant shall keep the Company informed of the Participant's current address and the current address of the Participant's Beneficiary. The Company shall not be obligated to search for any person.

10.5 Limitations on Liability

Notwithstanding any of the provisions of the Plan to the contrary, neither the Company nor any individual acting as an employee or agent of the Company shall be liable to any Participant, any former Participant, or any other person for any claim, loss, liability or expense incurred in connection with the Plan, unless attributable to fraud or willful misconduct on the part of the Company or any such employee or agent of the Company.

10.6 Inspection

Each Participant shall receive a copy of the Plan and the Company will make available for inspection by any Participant or designated Beneficiary a copy of any rules and regulations that are used by the Company in administering the Plan.

10.7 Withholding

Any amounts payable pursuant to the Plan may be reduced by the amount of any federal, state or local taxes that the Company reasonably determines is required by law to be withheld with respect to such payments. In addition, any amount payable pursuant to the Plan may be reduced by any amount owed by the Participant to the Company or any Subsidiary if, and only to the extent, permitted under Code Section 409A.

10.8 Voting of Stock

Participants shall not be entitled to voting rights with respect to Units held in their Accounts.

10.9 Singular and Plural

Except when otherwise required by the context, any singular terminology shall include the plural.

10.10 Severability

If a provision of the Plan shall be held to be illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

10.11 Discharge of Obligations

The payment of benefits under the Plan to a Participant or any Beneficiary shall fully and completely discharge the Company, the Administrator and the Committee from all further obligations under the Plan with respect to the Participant and any Beneficiary.

10.12 Governing Law

To the extent that it is not governed by United States federal law, the Plan shall be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, excluding any conflicts of law rule or principle that might otherwise refer construction or interpretation of the Plan or a deferral election to the substantive law of another jurisdiction.

10.13 Successors

The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

10.14 No Assurance of Tax Consequences

Neither the Company nor the Board nor any other person guarantees or assures a Participant or Beneficiary of any particular federal or state income tax, payroll tax or other tax consequence of participation in the Plan. A Participant should consult with professional tax advisors regarding all questions related to the tax consequences of participation.

10.15 Code Section 409A

The Plan document is intended to comply with the requirements of Code Section 409A (including accompanying regulations and current IRS guidance) and conform to the current operation of the Plan. The terms of the Plan shall be interpreted, operated and administered in a manner consistent with this intention to the extent the Committee deems necessary to comply with Code Section 409A and any official guidance issued thereunder.

THE TORO COMPANY

By: /s/ Amy E. Dahl

Name: Amy E. Dahl

Title: Vice President, Human Resources

THE TORO COMPANY
DEFERRED COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS

Amended and Restated Effective January 1, 2017

TABLE OF CONTENTS

	Page
I. DEFINITIONS	1
II. ELIGIBILITY; PARTICIPATION; DEFERRAL	5
2.1 Eligibility	5
2.2 Participation	5
2.3 Deferral Election	5
III. CREDITING AND VESTING	5
3.1 Amounts to Be Credited to Accounts	5
3.2 Vesting	6
IV. DISTRIBUTIONS	7
4.1 Distributable Events	7
4.2 Method of Payment	7
4.3 Death Prior to Completion of Payment	8
4.4 Distribution Prior to Retirement	8
4.5 Unforeseeable Emergencies	8
4.6 Commencement of Distributions	9
4.7 Acceleration or Delay of Distributions	9
V. BENEFICIARY DESIGNATION	9
VI. ADMINISTRATION OF THE PLAN	9
6.1 Committee Duties	9
6.2 Administrative Committee; Agents	10
6.3 Binding Effect of Decisions	10
6.4 Indemnity of Committee and Administrative Committee	10
6.5 Claims Procedures	10
VII. AMENDMENT OR TERMINATION	11
7.1 Amendment	11
7.2 Termination	11
VIII. SOURCE OF PAYMENTS; NATURE OF INTEREST	11
8.1 Trust	11
8.2 No Alienation	11
8.3 Unfunded Plan	11
8.4 No Guaranty	12
8.5 Transfers to the Trust	12
8.6 Voting of Stock	12
8.7 Unsecured General Creditor	12
IX. GENERAL PROVISIONS	13
9.1 No Right to Remain in Service	13
9.2 Incompetency	13
9.3 Corporate Changes	13
9.4 Addresses	13
9.5 Limitations on Liability	13
9.6 Inspection	14

9.7	Singular and Plural	14
9.8	Severability	14
9.9	Discharge of Obligations	14
9.10	Governing Law	14
9.11	Successors	14
9.12	No Assurance of Tax Consequences	14
9.13	Code Section 409A	14

**THE TORO COMPANY
DEFERRED COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS**

Amended and Restated Effective January 1, 2017

The Toro Company hereby amends and restates its Deferred Compensation Plan for Non-Employee Directors. This amendment and restatement is effective for all amounts deferred on or after January 1, 2005. All grandfathered amounts earned and vested as of December 31, 2004 shall continue to be governed by the 2004 Plan in accordance with then applicable IRS guidance. All amounts earned or vested from January 1, 2005 through December 31, 2008 shall be governed by the terms of the Plan document, as modified by the operations of the Plan during such period in accordance with Code Section 409A and then applicable IRS guidance (including transition relief).

The growth and success of the Company depends on its ability to attract and retain the services of Directors of the highest competence, initiative, integrity and ability. The purpose of the Plan is to advance the interests of the Company and its stockholders through a deferred compensation program designed to attract, motivate and retain Directors. The Plan shall be unfunded for tax purposes.

I. DEFINITIONS

For purposes of the Plan, the following words and phrases have the meanings indicated, unless a different meaning is clearly indicated by the context:

“2004 Plan” means the terms of The Toro Company Deferred Compensation Plan for Non-Employee Directors in place as of December 31, 2004.

“Account” means a book entry account established and maintained in the Company’s records in the name of a Participant pursuant to Articles II and III, and includes a Cash Account and a Common Stock Units Account.

“Administrative Committee” means the committee described in Section 6.2.

“Affiliate” means all persons with whom the Company would be considered a single employer under Code section 414(b) or 414(c).

“Beneficiary” means one or more individuals, trusts, estates or other entities, designated in accordance with, or otherwise determined under, Article V to receive benefits under the Plan upon the death of a Participant.

“Board” means the Board of Directors of the Company.

“Cash Account” means an Account with entries denominated in dollars, credited in accordance with Section 3.1(a).

“Change Election” means a Participant’s election under Section 4.2(b) to change the method of payment of amounts payable under the Plan, made in a manner prescribed by the Committee.

“Change of Control” means:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of fifteen percent (15%) or more of either (i) the then-outstanding shares of Common Stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of Directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (w) any acquisition directly from the Company, (x) any acquisition by the Company, (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (z) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this definition; or

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation of the Company or sale or other disposition of all or substantially all of the assets of the Company or the acquisition by the Company of assets or stock of another entity (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, fifteen percent (15%) or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

“Code” means the Internal Revenue Code of 1986, as amended and in effect from time to time, including, when the context requires, all regulations, interpretations and rulings issued thereunder.

“Committee” means the committee described in Article VI, and if an Administrative Committee has been appointed pursuant to Section 6.2, shall include such Administrative Committee.

“Common Stock” means the Company’s Common Stock, par value \$1.00 per share, and related preferred share purchase rights, as such shares may be adjusted in accordance with Section 3.1(c).

“Common Stock Units Account” means an Account with entries denominated in Units (including fractions) that are credited in accordance with Section 3.1(b).

“Company” means The Toro Company, a Delaware corporation, and any successor to all or substantially all of the Company’s assets or business.

“Deferral Election” means a Participant’s deferral election under Section 2.3 and related distribution election under Section 4.1 for each Plan Year, made in a manner and form prescribed by the Committee.

“Director” means any member of the Board who is not an employee of the Company, or of any Affiliate of the Company.

“Director’s Fees” means amounts payable to a Director as cash compensation (but not as reimbursement of expenses) or as stock grants or awards for serving on the Board, including retainer fees and meeting fees, if any.

“Equity Plan” has meaning described in Section 4.2(c).

“Fair Market Value” means the closing price of one share of Common Stock as reported by the New York Stock Exchange.

“IRS” means the Internal Revenue Service.

“Participant” means a Director who elects to participate in the Plan in accordance with Article II. An individual’s status as a Participant shall continue for as long as the individual has a balance credited to an Account under the Plan, even if the Participant is no longer a Director. A Beneficiary, a spouse or former spouse, or an executor or personal administrator of a Participant’s estate shall not be treated as a Participant even if such individual or the Participant’s estate has an interest in the Participant’s benefits under the Plan.

“Plan” means the Deferred Compensation Plan for Non-Employee Directors, as set forth in this document and amended from time to time.

“Plan Year” means the calendar year.

“Retirement” or “Retire(s)” means a Director’s “separation from service” from the Company and all Affiliates for any reason, including death. The determination of whether the Director has had a “separation from service” shall be made in accordance with Code Section 409A.

“Stable Return Fund Measure” means the earnings rate paid or credited from time to time on assets held in the Stable Return Fund, or such other fund established to replace the Stable Return Fund, under The Toro Company Investment, Savings and Employee Stock Ownership Plan, or its successor plan.

“Trust” means a trust established or maintained by the Company to be used in connection with the Plan to assist the Company in meeting its obligations under the Plan.

“Trustee” means the financial institution or individual acting at the time as trustee of the Trust.

“Unforeseeable Emergency” means a severe financial hardship to a Participant resulting from an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary or the Participant’s dependent (as defined in Code Section 152, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)); loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, (a) imminent foreclosure of or eviction from the Participant’s primary residence may constitute an Unforeseeable Emergency; (b) the need to pay for medical expenses, including nonrefundable deductibles, as well as for the costs of prescription drug medications, may constitute an Unforeseeable Emergency; (c) the need to pay for the funeral expenses of a spouse, a Beneficiary or a dependent (as defined in Code Section 152, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)) may also constitute an Unforeseeable Emergency; and (d) the purchase of a home and the payment of college tuition are not Unforeseeable Emergencies.

“Unit” means a denomination that has a value equal to one share of Common Stock, subject to adjustment by the Committee in accordance with Section 3.1(c) of the Plan.

II. ELIGIBILITY; PARTICIPATION; DEFERRAL

2.1 Eligibility

Any Director is eligible to participate in the Plan.

2.2 Participation

A Director may become a Participant in the Plan by completing and delivering to the Office of the Corporate Secretary a Deferral Election as provided under Section 2.3.

2.3 Deferral Election

(a) Deadline for Delivery. A Director may elect to defer Director's Fees by delivery of a completed Deferral Election not later than December 31 of the year prior to the Plan Year to which it relates. Notwithstanding the foregoing, in a year in which an individual first becomes a Director, the individual may submit a Deferral Election not later than 30 days after the date the individual becomes eligible to participate in the Plan, provided that the election shall be effective only with respect to Director's Fees paid for services to be performed after the election becomes irrevocable.

(b) Election Irrevocable. A Deferral Election is effective and becomes irrevocable upon the latest date it may be made under Section 2.3(a) with respect to the Plan Year (or portion thereof) to which it relates. A Participant may change a Deferral Election for a subsequent Plan Year by delivering a new Deferral Election to the Office of the Corporate Secretary not later than December 31 of the preceding Plan Year.

III. CREDITING AND VESTING

3.1 Amounts to Be Credited to Accounts

(a) Cash Account. A Participant's Cash Account shall be credited with Director's Fees payable in cash that were deferred pursuant to a valid Deferral Election. The Participant's Cash Account shall be further credited with earnings at a rate and in a manner authorized by the Committee from time to time; provided that the earnings rate shall be based on a Participant's selection from among fund choices made available by the Committee from time to time, and provided further that the choices available for a Cash Account shall not include a Common Stock fund. Earnings shall be credited as of the end of each business day that the Committee authorizes the Plan's recordkeeping system to determine the value of gains and losses. Notwithstanding the foregoing, for Participants who did not make a one-time election as of October 31, 2006 to allocate all funds in all Accounts, past and future, so that earnings are based on the rate of return of one or more of the funds made available by the Committee as described above, the earnings shall be credited at a rate based on the Stable Return Fund Measure. The Committee will not be responsible in any manner to any Participant, Beneficiary or other person for any damages, losses or liabilities, costs or expenses of any kind arising in connection with any designation of a fund or the Participant's designation of a crediting rate fund.

(b) Common Stock Units Account. A Participant's Common Stock Units Account shall be credited with a number of Units equal to the number of shares of Common Stock that otherwise would have been issued to a Participant by way of a stock grant or award for Director's Fees, but that were deferred pursuant to a valid Deferral Election.

(c) Account Value. Subject to the second paragraph of this Section 3.1(c) the value of Units in a Common Stock Units Account shall fluctuate with the Fair Market Value of the Common Stock.

In the event of a corporate transaction involving the Company (including, without limitation, any merger, consolidation, recapitalization, reorganization, split off, spinoff, reclassification, combination, stock dividend, stock split, reverse stock split, repurchase, exchange, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or change in the corporate structure of the Company affecting the Common Stock, or a sale by the Company of all or part of its assets or any distribution to stockholders other than a normal cash dividend), the Committee shall adjust Accounts to preserve their benefits or potential benefits, which shall be consistent with any action taken by the Board with respect to adjusting the outstanding Common Stock. Action by the Committee may include (i) appropriate adjustments in the number of Units then credited to an Account; (ii) conversion of Units to other new or different securities into which the Common Stock may be converted; (iii) conversion to a cash balance, or (iv) any other adjustment the Committee determines to be equitable and consistent with the purposes of the Plan. In the event that Common Stock is converted into cash in connection with a corporate transaction described in this Section 3.1(c), the value of the Units in any Account shall be converted to a dollar amount by multiplying the number of Units in each Account by the Fair Market Value of a share of Common Stock on the date of the corporate transaction, and such amounts shall thereafter be credited with interest at a rate and in a manner consistent with Section 3.1(a). If the Trust is funded in the event of a Change of Control, the Trustee shall have authority to change the method of determining the interest crediting rate.

(d) Time of Crediting. Director's Fees deferred under the Plan shall be withheld and credited to a Participant's Account as of the date they otherwise would be paid to the Participant, whether or not payment occurs during the Plan Year itself.

(e) Dividends. In the event that the Company pays dividends on its Common Stock, the Common Stock Units Account shall be credited with additional Units (including fractions). The number of additional Units to be credited shall be determined by dividing the aggregate dollar value of the dividends that would be paid on the Units, if such Units were Common Stock, by the Fair Market Value of one share of the Common Stock on the dividend payment date.

3.2 Vesting

A Participant's Cash Account and Common Stock Units Account shall at all times be fully vested, subject only to the Participant's status as a general creditor of the Company, as provided in Article VIII.

IV. DISTRIBUTIONS

4.1 Distributable Events

Distributions under the Plan shall be payable in accordance with a Participant's Deferral Election upon the earliest of (i) Retirement, (ii) a specified date under Section 4.4, or (iii) an Unforeseeable Emergency under Section 4.5.

4.2 Method of Payment

(a) Election of Method of Payment. A Participant may elect in the Participant's initial Deferral Election and in a manner determined by the Committee (i) to receive Cash Account distributions in a single lump sum or in substantially equal monthly, quarterly or annual installments over a period of time not to exceed ten years, and (ii) to receive Common Stock Units Account distributions in either a single distribution or in annual installments over a period of time not to exceed ten years. If a Participant does not make a valid election with respect to the method of payment of benefits, then such benefits shall be payable in a single distribution. The amount of a Participant's substantially equal installment payment will be determined when benefits commence and re-determined each subsequent January by dividing (i) the balance of the Participant's Account that is subject to the installment distribution at the end of the month preceding the month in which the first payment for the calendar year is to be made by (ii) the number of installment payments remaining to be made.

(b) Change in Method of Payment. A distribution election may be changed to an allowable alternative payment period by completing and submitting a Change Election to the Committee, in a manner approved by the Committee, or its delegate; provided, however, that an election submitted less than one year before the distribution is to commence shall not be given effect. Each Participant may make only one Change Election with respect to each applicable Plan Year deferral. The most recent effective Change Election received by the Office of the Corporate Secretary shall govern the payment. Such Change Elections are also subject to the following: (i) any change shall not take effect until at least 12 months after the date on which the Change Election is made; (ii) the Change Election must be made at least 12 months before the date the payment is scheduled to be made (or in the case of installment or annuity payments treated as a single payment, the date the first amount was scheduled to be paid); and (iii) in the case of a Change Election relating to payments other than on account of an Unforeseeable Emergency or the death of the Participant, the payment shall be deferred for a period of not less than five years after the date such payment would otherwise have been paid (or in the case of installment payments, five years after the date the first amount would otherwise have been paid).

(c) Form of Payment. Any Account denominated in Units shall be payable only in shares of Common Stock, except that, in the Administrator's discretion, cash may be paid for any fractional share. As provided in Section 4.2(a), distributions of Common Stock shall be made either in a single distribution or in annual installments. Common Stock to be distributed under this Plan, including for crediting dividends, will be issued under The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended from time to time, any predecessor plan, or any successor plan designated as such by the Board, that was in effect at the time of the deferral of the receipt of the Common Stock under this Plan (collectively the "Equity Plan"). The issuance of shares under the Equity Plan shall be subject to all of the terms and conditions of the Equity Plan, which terms and conditions are incorporated herein and made a part hereof with respect to such shares of Common Stock distributed under this Plan. In the event of any actual or alleged conflict between the Equity Plan and the provisions of this Plan, the provisions of the Equity Plan shall be controlling.

(d) Default Distribution. As provided in Section 4.2(a), if a Participant does not make a valid election with respect to the payment of benefits, benefits payable under the Plan to or on behalf of the Participant shall be paid in a single distribution to the Participant, or in the event of the Participant's death, to the Participant's designated Beneficiary under the Plan. Any change in this default election must comply with Section 4.2(b).

4.3 Death Prior to Completion of Payment

If a Participant dies after Retirement but before the Participant's Accounts are distributed in full, the remaining Account balance shall be paid to the Participant's Beneficiary in a lump sum or, if the Participant has so elected, in installments. If a Beneficiary dies before the Beneficiary's interest in the Participant's Accounts are distributed in full, the remaining Account balance will be paid as soon as practicable in a single lump sum payment to the personal representative (executor or administrator) of the Beneficiary's estate.

4.4 Distribution Prior to Retirement

A Participant may elect in the Participant's Deferral Election to receive all or part of the balance of either or both of the Cash Account or the Common Stock Units Account in any specified year prior to Retirement. Except as provided in Section 4.5, no distribution date prior to Retirement shall be acceptable unless such date falls at least two Plan Years after the Plan Year for which the initial distribution election is made. A distribution in any year shall not exceed the aggregate of the balance of each of the Cash Account and Common Stock Units Account as of the last day of the Plan Year immediately prior to the Plan Year in which the distribution is made. Any distribution made pursuant to an election hereunder shall be made in a single lump sum in such distribution year.

4.5 Unforeseeable Emergencies

A Participant who experiences an Unforeseeable Emergency, as determined by the Committee based on the relevant facts and circumstances, may request a hardship withdrawal from the Participant's Accounts under the Plan. Upon receiving such a request, the Committee (i) shall cancel the Participant's deferrals under the Plan for the remainder of the Plan Year, and (ii) may make a distribution from the Participant's Accounts. Withdrawals of amounts because of an Unforeseeable Emergency are permitted only to the extent reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the distribution). A distribution on account of an Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under the Plan.

4.6 Commencement of Distributions

Payment of a benefit shall begin in accordance with the provisions of this Section 4.6.

(a) Retirement. If a benefit is payable because of a Participant's Retirement (other than on account of death), the single lump sum distribution shall be made, or installment payments shall commence, in January immediately after the calendar year in which the Participant Retires. If the benefit is payable on account of the Participant's death, payment shall be made, or commenced, as soon as practical, on or after the 15th day of the first month immediately following the month in which the death occurred, but not later than the last day of the calendar year immediately following the calendar year in which the Participant's death occurred.

(b) In-Service Distribution. If a Participant has properly made a specified date distribution election under Section 4.4, which is triggered under Section 4.1, payment shall be made in the January of the calendar year in which the Participant has elected to receive the in-service distribution, as set forth in Participant's Deferral Election.

4.7 Acceleration or Delay of Distributions

The Committee in its sole discretion may exercise discretion to accelerate or delay the distribution of any payment under the Plan, if, and only to the extent, allowed under Code section 409A.

V. BENEFICIARY DESIGNATION

Each Participant shall have the right to designate one or more Beneficiaries (including primary and contingent Beneficiaries) to receive any benefits payable under the Plan. A Participant shall have the right to change a Beneficiary by designating a new Beneficiary in a manner and on a form approved by the Committee.

If a Participant fails to designate a Beneficiary or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then payment shall be made to the personal representative (executor or administrator) of the Participant's estate.

VI. ADMINISTRATION OF THE PLAN

6.1 Committee Duties

The Plan shall be administered by the Committee, which shall consist of the Board, or such committee as the Board may appoint. Members of the Committee may be Participants. The Committee shall have the discretion and authority, subject to Section 7.1, to make amendments to the Plan or in its discretion it may recommend amendments to the Board for its action. The Committee shall have the discretion and authority to make, amend, interpret and enforce appropriate rules and regulations for the administration of the Plan and to decide or resolve, in its discretion, any and all questions involving interpretation of the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or by the Company.

6.2 Administrative Committee; Agents

The Committee may, from time to time, appoint an Administrative Committee and delegate to the Administrative Committee such duties and responsibilities (including the authority to make ministerial or administrative amendments to the Plan) with respect to the Plan as the Committee may determine. The Committee and the Administrative Committee may employ agents and delegate to them such duties as either Committee sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to the Company.

6.3 Binding Effect of Decisions

The decisions or actions of the Committee and the Administrative Committee with respect to the administration, interpretation and application of the Plan and the rules and regulations hereunder shall be final and conclusive and shall be binding upon all persons having any interest in the Plan.

6.4 Indemnity of Committee and Administrative Committee

The Company shall indemnify and hold harmless the members of the Committee, the Administrative Committee, and any agent or employee to whom the duties of the Committee or the Administrative Committee may be delegated, against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to the Plan, except in the case of willful misconduct.

6.5 Claims Procedures

The Company intends to make payments under the Plan without requiring that a Participant submit a claim form. However, a Participant who believes a payment is due under the Plan may submit a claim for payments. The procedures in this Section 6.5 pertain to claims by Participants and Beneficiaries ("claimants") for Plan benefits, consideration of such claims and review of claim denials. For these purposes, a "claim" is a request for benefits under the Plan, which must be made by the claimant in writing, filed with the Committee and must state the claimant's name and the nature of benefits payable.

(a) If a claim is wholly or partially denied, notice of the decision shall be furnished to the claimant within a reasonable period of time after receipt of the claim by the Company. If written notice of the decision of the claim is not provided within 90 days, the claim shall be deemed denied.

(b) If a claim is denied in whole or in part and if the claimant is dissatisfied with the disposition of the claim, the claimant may appeal the denied claim to the Committee for a review of the claim and its denial. A claimant must file a request for review of a denied claim within a reasonable period of time, not to exceed 60 days after receipt by the claimant of written notification of denial of a claim.

(c) A decision by the Committee shall be made promptly after the receipt by the Committee of a request for review. If the decision on review is not furnished within 90 days, the claim shall be deemed denied on review.

VII. AMENDMENT OR TERMINATION

7.1 Amendment

The Company reserves the power to amend or terminate the Plan at any time by action of the Committee, ratified by the Board; provided that no amendment shall decrease the then current balances of a Participant's Accounts. No amendment of the Plan shall affect the rights of any Participant or Beneficiary who has become entitled to the distribution of benefits under the Plan as of the date of the amendment.

7.2 Termination

Although the Company anticipates that the Plan will continue for an indefinite period of time, it reserves the right to terminate the Plan at any time with respect to any or all Participants. Termination of the Plan shall not adversely affect the rights under the Plan of any Participant or Beneficiary who has become entitled to the payment of any Plan benefits as of the date of termination. Any acceleration of the time and form of payment as a result of the termination and liquidation of the Plan shall be in accordance with Treasury Regulation Section 1.409A-3(j)(4)(ix).

VIII. SOURCE OF PAYMENTS; NATURE OF INTEREST

8.1 Trust

The Company has established a Trust that may be used to pay benefits arising under the Plan and costs, charges and expenses relating thereto. Funds deposited in the Trust shall remain the sole and exclusive property of the Company. To the extent that the funds held in the Trust are insufficient to pay such benefits, costs, charges and expenses, the Company shall pay them.

8.2 No Alienation

Except as the Committee determines is required by law or order of a court of competent jurisdiction, neither Units credited to a Participant's Accounts nor the benefits payable hereunder, including any rights or privileges pertaining thereto, may be anticipated, alienated, sold, transferred, assigned, pledged, encumbered or subjected to any charge or legal process, and no interest or right to receive a benefit may be taken, either voluntarily or involuntarily, for the satisfaction of the debts of, or other obligations or claims against, any person or entity, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings.

8.3 Unfunded Plan

The Plan shall at all times be considered entirely unfunded for tax purposes. Funds invested under the Trust shall continue for all purposes to be part of the general assets of the Company and available to the general creditors of the Company in the event of a bankruptcy (involvement in a pending proceeding under the Federal Bankruptcy Code) or insolvency (inability to pay debts as they mature). In the event of such a bankruptcy or insolvency, the Company shall notify the Trustee of the Trust in writing of such an occurrence promptly after the Company obtains knowledge of such occurrence. No Participant or any other person shall have any interest in any particular assets of the Company by reason

of the right to receive a benefit under the Plan, and to the extent a Participant or any other person acquires a right to receive benefits under the Plan, such right shall be no greater than the right of any general unsecured creditor of the Company. The Plan constitutes a mere promise by the Company to make payments to the Participants in the future.

8.4 No Guaranty

Nothing contained in the Plan shall constitute a guaranty by the Company or any other person or entity that any funds in any trust or the assets of the Company will be sufficient to pay any benefit hereunder.

8.5 Transfers to the Trust

On the occurrence of a Change of Control, the Company shall transfer cash or property to the Account or Accounts maintained in the name of each affected Participant or Participants for the Plan under the Trust in an amount equal to the present value of all accumulated or accrued benefits then payable to or on behalf of such Participant or Participants under the Plan, plus any applicable fees. The Company may also transfer cash or property to the Accounts maintained for any Participant under the Trust in an amount equal to the present value of all accumulated or accrued benefits then payable under the Plan at any time in the sole discretion of the Company. Thereafter, the Company may, and after a Change of Control it shall, for each Plan Year, transfer cash or property no later than 30 days after the end of the Plan Year in which the initial transfer occurs, and thereafter on each anniversary thereof, to such Account or Accounts maintained for the affected Participant or Participants under the Trust an amount equal to the additional benefit accrued under the terms of the Plan during and in relation to the most recent Plan Year then ended.

8.6 Voting of Stock

Participants shall not be entitled to voting rights with respect to Units held in their Accounts.

8.7 Unsecured General Creditor

Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company or of the Trust. For purposes of the payment of benefits under the Plan, any and all of the Company's assets including any assets of the Trust shall be, and remain until paid, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall consist solely of an unfunded and unsecured promise to pay money in the future.

IX. GENERAL PROVISIONS

9.1 No Right to Remain in Service

No Participant shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. Establishment and continuance of the Plan shall not be construed to give any Participant the right to be retained in the service of the Company.

9.2 Incompetency

If any person who may be eligible to receive a benefit under the Plan has been declared incompetent and a conservator or other person legally charged with the care of such person or of the estate of such person has been appointed, any benefit payable under the Plan that the person is eligible to receive shall be paid to such conservator or other person legally charged with the care of the person or such person's estate. Except as provided above, when the Committee has determined that such a person is unable to manage such person's affairs, the Committee may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Company and the Plan therefor.

9.3 Corporate Changes

The Plan shall not be automatically terminated by a transfer or sale of assets of the Company or by the merger or consolidation of the Company into or with any other corporation or other entity, but the Plan shall continue after such sale, merger or consolidation only if and to the extent that the transferee, purchaser or successor entity agrees to continue the Plan. In the event the Plan is not continued by the transferee, purchaser or successor entity, then the Plan shall terminate subject to the provisions of Article VII.

9.4 Addresses

Each Participant shall keep the Company informed of the Participant's current address and the current address of the Participant's Beneficiary. The Company shall not be obligated to search for any person.

9.5 Limitations on Liability

Notwithstanding any of the provisions of the Plan to the contrary, neither the Company nor any individual acting as an employee or agent of the Company shall be liable to any Participant or any other person for any claim, loss, liability or expense incurred in connection with the Plan, unless attributable to fraud or willful misconduct on the part of the Company or any such employee or agent of the Company.

9.6 Inspection

Each Participant shall receive a copy of the Plan and the Company will make available for inspection by any Participant or designated Beneficiary a copy of any rules and regulations that are used by the Company in administering the Plan.

9.7 Singular and Plural

Except when otherwise required by the context, any singular terminology shall include the plural.

9.8 Severability

If a provision of the Plan shall be held to be illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

9.9 Discharge of Obligations

The payment of benefits under the Plan to a Participant or any Beneficiary shall fully and completely discharge the Company and the Committee from all further obligations under the Plan with respect to the Participant and any Beneficiary.

9.10 Governing Law

To the extent that it is not governed by United States federal law, the Plan shall be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, excluding any conflicts of law rule or principle that might otherwise refer construction or interpretation of the Plan or a deferral election to the substantive law of another jurisdiction.

9.11 Successors

The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

9.12 No Assurance of Tax Consequences

Neither the Company nor the Board nor any other person guarantees or assures a Participant or Beneficiary of any particular federal or state income tax, payroll tax or other tax consequence of participation in the Plan. A Participant should consult with professional tax advisors regarding all questions related to the tax consequences of participation.

9.13 Code Section 409A

The Plan is intended to comply with the requirements of Code Section 409A (including accompanying regulations and current IRS guidance) and conform to the current operation of the Plan. The terms of the Plan shall be interpreted, operated and administered in a manner consistent with this intention to the extent the Committee deems necessary to comply with Code Section 409A and any official guidance issued thereunder.

THE TORO COMPANY

By: /s/ Amy E. Dahl

Name: Amy E. Dahl

Title: Vice President, Human Resources

**Certification pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Richard M. Olson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Toro Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2017

/s/ Richard M. Olson

Richard M. Olson

President and Chief Executive Officer

(Principal Executive Officer)

**Certification pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Renee J. Peterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Toro Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2017

/s/ Renee J. Peterson

Renee J. Peterson

Vice President, Treasurer

and Chief Financial Officer

(Principal Financial Officer)

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

In connection with the Quarterly Report of The Toro Company (the "Company") on Form 10-Q for the quarterly period ended February 3, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Richard M. Olson, President and Chief Executive Officer of the Company, and Renee J. Peterson, Vice President, Treasurer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard M. Olson

Richard M. Olson

President and Chief Executive Officer

Date: March 8, 2017

/s/ Renee J. Peterson

Renee J. Peterson

Vice President, Treasurer and Chief Financial Officer

Date: March 8, 2017

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.
