



THE TORO COMPANY

AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee (the "Committee") shall provide assistance to the Board of Directors of The Toro Company (the "Company") in oversight of the quality and integrity of the Company's financial reports, the Company's compliance with legal and regulatory requirements, the qualifications and independence of the Company's independent registered public accounting firm ("external auditor"), the performance of the Company's internal audit function, and the Company's accounting and reporting processes. In achieving these purposes, it is the Committee's responsibility to foster free and open means of communication between the Company's directors, external auditor, internal auditor, and management.

Committee Membership

The Committee shall be comprised of a minimum of three directors, with one member designated as Chair. The members of the Committee shall meet the independence and other requirements established by law, the rules and regulations of the Securities and Exchange Commission and the New York Stock Exchange listing standards. Each Committee member shall be financially literate, as interpreted in the business judgment of the Board, or shall become financially literate within a reasonable period of time after appointment. The Chair shall have accounting or related financial management expertise and shall be a "financial expert", as interpreted in the business judgment of the Board, in accordance with such regulations as may be applicable to the Company from time to time. No member of the Committee shall serve on more than two audit committees of publicly traded companies other than the Company at the same time such member serves on this Committee, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on this Committee.

Resources

The Committee shall have the authority to retain and compensate special legal, accounting or other consultants to advise the Committee. The Committee may request any officer or employee of the Company or the Company's outside counsel or external auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to the external auditor (as provided in the Sarbanes-Oxley Act of 2002) employed by the Company for the purpose of rendering or issuing an audit report or performing other audit, review or

attest services for the Company, (ii) compensation to any advisors employed by the Committee and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Committee Authority and Responsibilities

External Auditor

The Committee shall be directly responsible for the appointment, compensation, retention and oversight of accounting and financial processes and the work of any external auditor (as provided in the Sarbanes-Oxley Act of 2002) employed by the Company (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such external auditor shall report directly to the Committee.

In addition, the Committee shall:

- A. Review and evaluate, at least annually, the qualifications, independence and performance of the external auditor and have direct responsibility to select, engage, retain, compensate and, where appropriate, replace the external auditor.
- B. Review the experience and qualifications of the client service, lead audit, and lead tax partners, and confirm that the partners of the external auditor have been rotated from the Company engagement as required by applicable law.
- C. At least annually, obtain and review a report by the external auditor describing: (i) the external auditor's internal quality-control procedures and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the external auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, relating to one or more audits carried out by the external auditor and any steps taken to deal with any such issues.
- D. Periodically, and at least annually, obtain from the external auditor the formal written statement required by the Public Company Accounting Oversight Board independence and ethics rule, Rule 3526 (*Communications with Audit Committees Concerning Independence*), delineating all relationships between the external auditor and the Company, confirming independence, and evaluating the impact of any disclosed relationships or services on the independence and objectivity of the external auditor; and shall take, or recommend that the Board take, appropriate action in response to the external auditor's report to satisfy itself of the external auditor's independence.
- E. Review, and approve in advance, the scope, magnitude, and budgets of all examinations of the Company's consolidated financial statements by the external auditor.

- F. Review, and approve in advance, the retention of the external auditor for all types of audit and permitted non-audit services to be performed by the external auditor, and approve the fees for such services, other than de minimus permitted non-audit services allowed by relevant law that are approved by the Committee prior to the completion of the audit for the fiscal year in which such services are provided. As permitted by relevant law and desired by the Committee, establish pre-approval policies and procedures to retain the external auditor for additional non-audit services.
- G. Periodically, and at least annually, meet with the external auditor without other representatives of the Company present to discuss internal controls and the accuracy and completeness of the Company's consolidated financial statements.
- H. Review any proposal of the Company to hire any partner or former partner of an external auditor who was engaged on the Company's account. The Committee will also periodically review the Company's policies regarding the hiring of other personnel or former personnel by the Company from an external auditor's firm.

Internal Audit

- A. Review the annual audit plans of the Company's internal audit group and its capability to perform its duties (including its organization, staffing and independence).
- B. Review significant comments and recommendations of the internal audit group and management's responses thereto.

Compliance and Risk Management

- A. Review, as needed, the Company's Code of Conduct, and the Code of Ethics for CEO and Senior Financial Officers and any changes thereto; and the policies and procedures established for the receipt, retention and treatment of complaints by the Company on accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Obtain reports from management with respect to compliance with the Code of Conduct, including reports of any inquiries relating to the accounting records or any complaints received regarding accounting, internal accounting controls or auditing matters. In addition, as required, obtain reports from management that the Company's subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Conduct, including disclosures of insider and affiliated party transactions.
- B. Review with management and the external auditor any correspondence with regulators or governmental agencies and any significant employee complaints or published reports which raise material issues regarding the Company's consolidated financial statements or accounting policies.

- C. Discuss the policies with respect to risk assessment and risk management, including the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

Financial Reporting Process

- A. Review and discuss with management and the external auditor the Company's annual audited consolidated financial statements and Form 10-K, and quarterly consolidated financial statements and Forms 10-Q, including in each case the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." Also in connection with such review, the Committee will review and consider the following areas as necessary or appropriate:
- (i) difficulties encountered in performing the audit or interim financial information review and management's response thereto;
 - (ii) material errors or irregularities, or possible material illegal acts;
 - (iii) significant issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Company's consolidated financial statements;
 - (iv) disagreements with management on financial accounting and reporting matters and auditing procedures which, if not satisfactorily resolved, would have caused a modification of the external auditor's opinion on the Company's consolidated financial statements;
 - (v) accounting and disclosure considerations associated with material contingencies, together with the nature and reasonableness of the underlying assumptions and estimates of management, and decisions with respect to transactions that are unusual in nature, and have a material effect on the consolidated financial statements;
 - (vi) situations involving the adoption of, or change in an accounting principle where the application of alternative generally accepted accounting principles, including alternative methods of applying an accounting principle, would have had a material effect on the consolidated financial statements; and
 - (vii) the effect of significant regulatory and accounting initiatives affecting the Company.
- B. Recommend to the Board whether the audited consolidated financial statements should be included in the Annual Report on Form 10-K.
- C. Review and discuss the type and presentation of information to be included in earnings press releases, as well as review any financial information and earnings guidance provided to analysts and rating agencies. This may be done generally and does not require the Committee to discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.

- D. Periodically review the Company's general policies and procedures with respect to accounting and financial matters, internal controls and disclosure controls and procedures and update as conditions dictate.
- E. Periodically (a) receive analyses and comments regarding AICPA, FASB, SEC, PCAOB and other significant regulatory accounting pronouncements affecting the Company, and (b) review the Company's significant accounting policies.

Other Responsibilities

- A. Meet, at least annually, with the Company's management, internal auditor(s) and external auditor in separate executive sessions to foster open communication and discuss any matters that the Committee or any of these groups believe should be discussed privately.
- B. Cause the preparation of the audit committee report required by the Securities and Exchange Commission's proxy rules to be included in the Company's annual proxy statement and shall have the further duties and responsibilities set forth in this Charter.
- C. Perform an annual evaluation of the Committee's performance and review, at least annually, and, if appropriate, recommend proposed changes to the Committee Charter to the Board for approval.
- D. Notify the Board of any major problems or deficiencies discovered in respect to any of the above duties. Report regularly to the Board, including, to the extent the Committee deems appropriate, any issues that arise with respect to the quality or integrity of the Company's consolidated financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the external auditor and the performance of the internal auditor and internal audit function.

While the Committee has the responsibilities and powers set forth in this Charter, which are intended to assist it and the Board in their monitoring and oversight roles, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's consolidated financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Nor is it the duty of the Committee to assure compliance with laws and regulations or the Company's Code of Conduct. It remains the responsibility of management to prepare complete and accurate consolidated financial statements in accordance with generally accepted accounting principles and to assure compliance with laws and regulations and the Company's Code of Conduct. It remains the responsibility of the external auditor to plan and conduct the annual audit of the Company's consolidated financial statements and to express its opinion on the Company's consolidated financial statements in accordance with professional standards.