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 August 2, 2002 Commission File Number 1-8649

THE TORO COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	41-0580470
(State of Incorporation)	(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 X No

The number of shares of Common Stock outstanding as of August 30, 2002 was 12,181,705.

THE TORO COMPANY
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PART I. ITEM 1. FINANCIAL INFORMATION

THE TORO COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended		Nine Months Ended	
	August 2, 2002	August 3, 2001	August 2, 2002	August 3, 2001
Net sales	$ 375,632	$ 329,744	$ 1,123,861	$ 1,069,707
Cost of sales	246,693	211,638	737,562	703,190
Gross profit	128,939	118,106	386,299	366,517
Selling, general, and administrative expense	92,412	88,115	285,689	277,178
Restructuring and other expense (income)	-	-	9,953	(679)
Earnings from operations	36,527	29,991	90,657	90,018
Interest expense	(4,656)	(6,177)	(15,224)	(17,890)
Other income, net	848	3,062	3,916	4,526
Earnings before income taxes and cumulative effect of change in accounting principle	32,719	26,876	79,349	76,654
Provision for income taxes	10,797	9,944	24,410	28,362
Earnings before cumulative effect of change in accounting principle	21,922	16,932	54,939	48,292
Cumulative effect of change in accounting principle, net of income tax benefit of $509	-	-	(24,614)	-
Net earnings	$ 21,922	$ 16,932	$ 30,325	$ 48,292
Basic net earnings per share of common stock, before cumulative effect of change in accounting principle	$ 1.74	$ 1.34	$ 4.37	$ 3.79
Cumulative effect change in accounting principle, net of income tax benefit	-	-	(1.96)	-
Basic net earnings per share of common stock	$ 1.74	$ 1.34	$ 2.41	$ 3.79
Diluted net earnings per share of common stock, before cumulative effect of change in accounting principle	$ 1.68	$ 1.30	$ 4.24	$ 3.68
Cumulative effect of change in accounting principle, net of income tax benefit	-	-	(1.90)	-
Diluted net earnings per share of common stock	$ 1.68	$ 1.30	$ 2.34	$ 3.68
Weighted average number of shares of common stock outstanding - Basic	12,609	12,644	12,568	12,741
Weighted average number of shares of common stock outstanding - Dilutive	13,049	13,009	12,960	13,108

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)

	August 2, 2002	August 3, 2001	October 31, 2001
ASSETS			
Cash and cash equivalents	$ 6	$ 90	$ 12,876
Receivables, net	341,891	335,697	271,677
Inventories, net	209,320	245,569	234,661
Prepaid expenses and other current assets	10,832	10,544	11,052
Deferred income taxes	36,477	45,000	33,927
Total current assets	598,526	636,900	564,193
Property, plant, and equipment	432,416	394,721	401,943
Less accumulated depreciation	277,901	256,576	259,698
	154,515	138,145	142,245
Deferred income taxes	9,721	9,883	9,721
Other assets	14,021	13,787	11,983
Goodwill	77,842	105,153	102,924
Other intangible assets	2,045	4,860	4,608
Total assets	$ 856,670	$ 908,728	$ 835,674
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of long-term debt	$ 15,824	$ 471	$ 513
Short-term debt	8,011	94,384	34,413
Accounts payable	67,099	56,096	77,549
Accrued liabilities	216,523	205,481	180,092
Total current liabilities	307,457	356,432	292,567
Long-term debt, less current portion	178,768	194,431	194,565
Other long-term liabilities	7,429	7,263	7,149
Stockholders' equity:			
Preferred stock, par value $1.00, authorized 1,000,000 voting and 850,000 non-voting shares, none issued and outstanding	-	-	-
Common stock, par value $1.00, authorized 35,000,000 shares, issued and outstanding 12,172,834 shares at August 2, 2002 (net of 1,335,221 treasury shares), 12,466,373 shares at August 3, 2001 (net of 1,041,682 treasury shares), and 12,266,045 shares at October 31, 2001 (net of 1,242,010 treasury shares)	12,173	12,466	12,266
Additional paid-in capital	23,757	37,365	29,048
Retained earnings	338,853	312,414	313,067
Accumulated other comprehensive loss	(11,767)	(11,643)	(12,988)
Total stockholders' equity	363,016	350,602	341,393
Total liabilities and stockholders' equity	$ 856,670	$ 908,728	$ 835,674

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(DOLLARS IN THOUSANDS)

	Nine Months Ended	
	August 2, 2002	August 3, 2001
Cash flows from operating activities:		
Net earnings	$ 30,325	$ 48,292
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Cumulative effect of change in accounting principle	24,614	-
Noncash asset impairment write-off	4,163	-
Provision for depreciation and amortization	20,609	26,508
Write-down of investments	-	1,778
Gain on disposal of property, plant, and equipment	(718)	(46)
Increase in deferred income taxes	(2,550)	(5,286)
Tax benefits related to employee stock option transactions	1,420	4,501
Changes in operating assets and liabilities:		
Receivables, net	(70,214)	(79,558)
Inventories, net	25,341	(36,792)
Prepaid expenses and other current assets	257	2,147
Accounts payable and accrued liabilities	28,431	13,187
Net cash provided by (used in) operating activities	61,678	(25,269)
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(32,866)	(23,376)
Proceeds from asset disposals	2,055	2,181
Decrease in investment in affiliates	-	154
Increase in other assets	(2,847)	(3,027)
Acquisitions, net of cash acquired	-	(8,549)
Net cash used in investing activities	(33,658)	(32,617)
Cash flows from financing activities:		
(Decrease) increase in short-term debt	(26,402)	79,190
Repayments of long-term debt	(486)	(64)
Increase in other long-term liabilities	280	440
Proceeds from exercise of stock options	11,827	15,548
Purchases of common stock	(22,558)	(33,559)
Dividends on common stock	(4,538)	(4,605)
Net cash (used in) provided by financing activities	(41,877)	56,950
Foreign currency translation adjustment	987	48
Net decrease in cash and cash equivalents	(12,870)	(888)
Cash and cash equivalents at beginning of period	12,876	978
Cash and cash equivalents at end of period	$ 6	$ 90

See accompanying notes to condensed consolidated financial statements.

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 accounting principles generally accepted in the United States of America for complete financial statements. Unless the context indicates otherwise, the terms "company" and "Toro" refer to The Toro Company and its 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 the results of operations. Since the company's business is seasonal, operating results for the nine months ended August 2, 2002 cannot be annualized to determine the expected results for the fiscal year ending October 31, 2002. Certain amounts from prior period's financial statements have been reclassified to conform to this period's presentation.

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 quarter 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, 2001. The policies described in that report are used for preparing quarterly reports.

Accounting Policies

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management must make a variety of decisions which impact the reported amounts and the related disclosures. Such decisions include the selection of appropriate accounting principles to be applied and assumptions on which to base accounting estimates. In reaching such decisions, management makes judgments based on its understanding and analysis of the relevant circumstances. Note 1 to the consolidated financial statements in the company's Fiscal 2001 Annual Report on Form 10-K provides a summary of the significant accounting policies followed in the preparation of the financial statements. Other footnotes in the company's Annual Report on Form 10-K describe various elements of the financial statements and the assumptions made in determining specific amounts. While actual results could differ from those estimated at the time of preparation of the consolidated financial statements, management is committed to preparing financial statements which incorporate accounting policies, assumptions, and estimates that promote the representational faithfulness, verifiability, neutrality, and transparency of the accounting information included in the consolidated financial statements.

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.

Inventories were as follows:

(Dollars in thousands)	August 2, 2002	August 3 2001	October 31, 2001
Raw materials and work in process	$ 63,256	$ 71,439	$ 70,458
Finished goods and service parts	191,823	215,246	207,231
	255,079	286,685	277,689
Less: LIFO	29,264	27,861	29,264
Other reserves	16,495	13,255	13,764
Total	$ 209,320	$ 245,569	$ 234,661

Restructuring and Other Expense (Income)

In the first quarter of fiscal 2002, the company announced plans to close its Evansville, Indiana and Riverside, California manufacturing facilities during fiscal 2002. Approximately 500 job positions will be lost in connection with closing the Evansville, Indiana and Riverside, California manufacturing facilities and related office staff reductions. As of August 2, 2002, of the 500 job position reductions, 161 have been eliminated. In addition, the company will incur ongoing costs after the facilities are closed and until they are sold, which is captioned in "other" below. These actions are part of Toro's overall long-term strategy to reduce production costs and improve long-term competitiveness. The company also incurred a charge for asset impairment related to write-downs of patents and non-compete agreements during the first quarter of fiscal 2002.

The following is an analysis of the company's restructuring and other expense reserve accounts:

(Dollars in thousands)	Asset Impairment	Severance & Benefits	Other	Total
Balance as of October 31, 2001	$ 200	$ -	45	245
Initial charge	4,163	3,527	2,263	9,953
Utilization	(2,495)	(818)	(10)	(3,323)
Balance at August 2, 2002	$ 1,868	$ 2,709	$ 2,298	$ 6,875

The company expects a majority of the reserve will be utilized by October 31, 2002.

Cumulative Effect of Change in Accounting Principle

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS No. 141 also provides new criteria in the determination of intangible assets, including goodwill acquired in a business combination, and expands financial disclosures concerning business combinations consummated after June 30, 2001. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized but instead tested for impairment at least annually at the reporting unit level using a two-step impairment test. The application of SFAS No. 141 did not affect previously reported amounts included in goodwill and other intangible assets for the company.

Effective November 1, 2001, the company adopted SFAS No. 142. SFAS No. 142 provides a six-month transitional period from the effective date of adoption for the company to perform an assessment of whether there is an indication that goodwill is impaired. To the extent that an indication of impairment exists, the company must perform a second test to measure the amount of the impairment. The company tested for impairment of its reporting units by comparing fair value to carrying value. Fair value was determined using a discounted cash flow and cost methodology. The company employed a third-party appraisal firm in determining the fair value of its agricultural irrigation reporting unit. This evaluation indicated that all the goodwill recorded for several acquisitions in the agricultural irrigation market was impaired. The performance of these acquired businesses has not met management's original expectations. This is mainly due to lower than anticipated growth rates in the drip line market, which has resulted in lower industry-wide pricing and margins on product sales. Accordingly, noncash impairment charges on adoption of SFAS No. 142 of $24.6 million, net of income tax benefit of $.5 million, were recognized as a cumulative effect of change in accounting principle in the first quarter ended February 1, 2002. Impairment adjustments recognized after adoption, if any, generally are required to be recognized as operating expenses, captioned in selling, general, and administrative expense.

Comprehensive Income

Comprehensive income and the components of other comprehensive income (loss) were as follows:

(Dollars in thousands)	Three Months Ended August 2, 2002	Three Months Ended August 3, 2001	Nine Months Ended August 2, 2002	Nine Months Ended August 3, 2001
Net earnings	$ 21,922	$ 16,932	$ 30,325	$ 48,292
Other comprehensive income (loss):				
Foreign currency translation	177	(59)	987	48
Unrealized gain (loss) on derivative instruments	448	(75)	234	(73)
Comprehensive income	$ 22,547	$ 16,798	$ 31,546	$ 48,267

Net Earnings Per Share

Reconciliations of basic and dilutive weighted average shares of common stock outstanding were as follows:

	Three Months Ended August 2, 2002	Three Months Ended August 3, 2001	Nine Months Ended August 2, 2002	Nine Months Ended August 3, 2001
Basic				
(Shares in thousands)				
Weighted average number of shares of common stock outstanding	12,609	12,644	12,558	12,729
Assumed issuance of contingent shares	-	-	10	12
Weighted average number of shares of common stock and assumed issuance of contingent shares	12,609	12,644	12,568	12,741

	Three Months Ended August 2, 2002	Three Months Ended August 3, 2001	Nine Months Ended August 2, 2002	Nine Months Ended August 3, 2001
Dilutive				
(Shares in thousands)				
Weighted average number of shares of common stock and assumed issuance of contingent shares	12,609	12,644	12,568	12,741
Assumed conversion of stock options	440	365	392	367
Weighted average number of shares of common stock, assumed issuance of contingent shares, and assumed conversion of stock options	13,049	13,009	12,960	13,108

Segment Data

The presentation of segment information reflects the manner in which management organizes segments for making strategic operating decisions and assessing performance. On this basis, the company has determined it has three reportable business segments: Professional, Residential, and Distribution. The other segment consists of corporate activities, including corporate financing activities and elimination of intersegment revenues and expenses.

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

(Dollars in thousands) Three months ended August 2, 2002	Professional	Residential	Distribution	Other	Total
Net sales	$ 235,301	$119,907	$50,452	$(30,028)	$375,632
Intersegment gross sales	31,551	2,711	-	(34,262)	-
Earnings (loss) before income taxes	34,822	12,161	2,311	(16,575)	32,719
Three months ended August 3, 2001					
Net sales	$ 222,569	$85,460	$43,575	$(21,860)	$329,744
Intersegment gross sales	24,736	1,946	-	(26,682)	-
Earnings (loss) before income taxes	37,702	5,100	192	(16,118)	26,876

Nine months ended August 2, 2002	Professional(1)	Residential(2)	Distribution	Other	Total
Net sales	$ 701,267	$381,858	$118,825	$(78,089)	$1,123,861
Intersegment gross sales	78,591	10,432	-	(89,023)	-
Earnings (loss) before income taxes	97,119	39,938	1,961	(59,669)	79,349
Total assets	440,844	155,823	66,173	193,830	856,670
Nine months ended August 3, 2001					
Net sales	$ 700,954	$330,338	$104,088	$(65,673)	$1,069,707
Intersegment gross sales	69,923	7,802	-	(77,725)	-
Earnings (loss) before income taxes	105,259	29,973	(1,117)	(57,461)	76,654
Total assets	478,447	129,966	68,960	231,355	908,728

(1) Includes restructuring and other expense of $10.0 million in fiscal 2002.
(2) Includes restructuring and other expense (income) of $(0.7) million in fiscal 2001.

The following table presents the details of the other segment earnings (loss) before income taxes:

(Dollars in thousands)	Three Months Ended August 2, 2002	Three Months Ended August 3, 2001	Nine Months Ended August 2, 2002	Nine Months Ended August 3, 2001
Corporate expenses	$(17,254)	$(16,781)	$(56,771)	$(53,138)
Finance charge revenue	735	1,278	3,052	4,288
Elimination of corporate financing expense	4,415	4,825	11,453	12,055
Interest expense, net	(4,656)	(6,177)	(15,224)	(17,890)
Other income (expense)	185	737	(2,179)	(2,776)
Total	$(16,575)	$(16,118)	$(59,669)	$(57,461)

Goodwill

As described previously, the company adopted SFAS No. 142 as of November 1, 2001. Fiscal 2001 results ending October 31, 2001 would have been $0.62 per diluted share higher if the provisions of SFAS No. 142 would have been adopted as of November 1, 2000. The following table reflects the consolidated results adjusted as though the adoption of SFAS No. 142 occurred as of the beginning of the nine month period ended August 3, 2001:

(Dollars in thousands, except per share data)	Three Months Ended August 2, 2002	Three Months Ended August 3, 2001	Nine Months Ended August 2, 2002	Nine Months Ended August 3, 2001
Net earnings:				
As reported	$ 21,922	$ 16,932	$ 30,325	$ 48,292
Goodwill amortization, net of tax	-	2,248	-	6,504
Adjusted net earnings	$ 21,922	$ 19,180	$ 30,325	$ 54,796
Basic net earnings per share:				
As reported	$ 1.74	$ 1.34	$ 2.41	$ 3.79
Goodwill amortization, net of tax	-	0.18	-	0.51
Adjusted basic net earnings per share	$ 1.74	$ 1.52	$ 2.41	$ 4.30
Diluted net earnings per share:				
As reported	$ 1.68	$ 1.30	$ 2.34	$ 3.68
Goodwill amortization, net of tax	-	0.17	-	0.50
Adjusted diluted net earnings per share	$ 1.68	$ 1.47	$ 2.34	$ 4.18

The changes in the net carrying amount of goodwill for the first nine months of fiscal 2002 were as follows:

(Dollars in thousands)	Professional Segment	Residential Segment	Total
Balance as of October 31, 2001	$ 94,050	$ 8,874	$ 102,924
Impairment charge	(25,123)	-	(25,123)
Translation adjustment	12	29	41
Balance as of August 2, 2002	$ 68,939	$ 8,903	$ 77,842

Other Intangible Assets

During the first quarter of fiscal 2002, the company determined that the patents and non-compete agreements related to the agricultural irrigation market were impaired. This impairment charge of $2.0 million was recognized as part of restructuring and other expense during the first quarter of fiscal 2002.

The components of other amortizable intangible assets were as follows:

(Dollars in thousands)	August 2, 2002 Gross Carrying Amount	August 2, 2002 Accumulated Amortization	October 31, 2001 Gross Carrying Amount	October 31, 2001 Accumulated Amortization
Patents	$ 6,104	$ (4,527)	$ 7,104	$ (4,501)
Non-compete agreements	800	(362)	3,183	(1,285)
Other	800	(770)	1,197	(1,090)
Total	$ 7,704	$ (5,659)	$ 11,484	$ (6,876)
Total other intangible assets, net	$ 2,045		$ 4,608	

Amortization expense for intangible assets during the first nine months of fiscal 2002 was $0.5 million. Estimated amortization expense for the remainder of fiscal 2002 and succeeding fiscal years are as follows ($ in thousands): remainder of 2002, $146; 2003, $479; 2004, $357; 2005, $337; 2006, $337; 2007, $182 and beyond 2008, $207.

Derivative Instruments and Hedging Activities

The company uses derivative instruments to manage exposure to foreign currency. Toro uses derivatives only in an attempt to limit underlying exposure to currency fluctuations, and not for trading purposes. The company maintains a record of each hedging instrument and the items it hedges, as well as the risk-management objective and strategy for undertaking the particular hedge. The company assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged item.

The company enters into foreign currency exchange contracts to hedge the risk from forecasted settlement in local currencies of trade sales. These contracts are designated as cash flow hedges with the fair value recorded in accumulated comprehensive income (loss) and as a hedge asset or liability in prepaid expenses or accrued liabilities, as applicable. Once the forecasted transaction has been recognized as a sale and a related asset recorded in the balance sheet, the related fair value of the derivative hedge contract is reclassified from accumulated comprehensive income (loss) into earnings. During the quarter ended August 2, 2002, the amount of adjustments to earnings for such cash flow hedges was immaterial. At August 2, 2002, the amount of such contracts outstanding was $22.4 million. The unrecognized after-tax gain portion of the fair value of the contracts recorded in accumulated comprehensive income (loss) at August 2, 2002 was immaterial.

The company enters into foreign currency exchange contracts to hedge the risk from forecasted settlement in local currencies of trade purchases. These contracts are designated as cash flow hedges with the fair value recorded in accumulated comprehensive income (loss) and as a hedge asset or liability in prepaid expenses or accrued liabilities, as applicable. Once the forecasted transaction has been recognized as a purchase and a related liability recorded in the balance sheet, the related fair value of the derivative hedge contract is reclassified from accumulated comprehensive income (loss) into earnings. During the quarter ended August 2, 2002, the amount of adjustments to earnings for such cash flow hedges was immaterial. At August 2, 2002, the amount of such contracts outstanding was $15.0 million. The unrecognized after-tax gain portion of the fair value of the contracts recorded in accumulated comprehensive income (loss) at August 2, 2002 was immaterial.

The company also enters into foreign currency exchange contracts to hedge the risk from forecasted settlement in local currencies. Some of these transactions and other foreign currency exchange contracts do not meet the accounting rules established under SFAS No. 133 of recording the unrecognized after-tax gain or loss portion of the fair value of the contracts in accumulated comprehensive income (loss). Therefore, the related fair value of the derivative hedge contract is recognized in earnings.

New Accounting Pronouncements

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement addresses the diverse accounting practices for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The company plans to adopt the provisions of SFAS No. 143 during the first quarter of fiscal 2003, as required. Management expects that the adoption of SFAS No. 143 will not have a material impact on the company's financial statements.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement establishes a single accounting model for the impairment or disposal of long-lived assets. The company plans to adopt the provisions of SFAS No. 144 during the first quarter of fiscal 2003, as required. Management expects that the adoption of SFAS No. 144 will not have a material impact on the company's financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. This statement also establishes that fair value is the objective for initial measurement of the liability. The company plans to adopt the provisions of SFAS No. 146 for exit or disposal activities initiated after December 31, 2002, as required. Management expects that the adoption of SFAS No. 146 will not have a material impact on the company's financial statements.

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

FORWARD-LOOKING INFORMATION

Safe Harbor Statement. 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 and Section 21E of the Securities Exchange Act of 1934. Statements that are not historical are forward-looking and reflect expectations about future company performance. In addition, forward-looking statements may be made orally or in press releases, conferences, reports, on Toro's worldwide web site, or otherwise, in the future by or on behalf of the company. When used by or on behalf of the company, the words "expect", "anticipate", "estimate", "believe", "intend", and similar expressions generally identify forward-looking statements.

Forward-looking statements involve risks and uncertainties. The company is subject to risks and uncertainties facing its industry in general, including changes in business, financial, and political conditions and the economy in general in both foreign and domestic markets; the uncertainty of the economic effect of the war on terrorism; weather conditions affecting demand, including warm winters and wet or cold spring and dry summer weather; a slowing in housing starts or new golf course starts; inability to raise prices of products due to market conditions; changes in market demographics; actions of competitors; seasonal factors in the company's industry; unforeseen litigation; government action, including budget levels, regulation, and legislation, primarily legislation relating to the environment, commerce, infrastructure spending, health, safety, and tax law changes, such as repeal of the foreign sales corporation benefit; imposition of new tariffs on commodities, such as steel; availability of raw materials and unforeseen price fluctuations for commodity raw materials; and the company's ability to maintain good relations with its employees.

In addition, the company is subject to risks and uncertainties that affect all businesses operating in a global market, as well as matters specific to the company and the markets it serves. Particular risks and uncertainties that could affect the company's overall financial position include further slowing of growth in the global and domestic economies; economic uncertainty created by the threat of terrorist acts and war, which may result in reductions in consumer spending, including spending for travel and golf; heightened security which could slow import and export of components and finished goods and increase costs; the company's customers' ability to pay amounts owed to Toro; inability to achieve goals of the "5 by Five" profit improvement program, which is intended to result in an after-tax return on sales of five percent by the end of fiscal 2003; the company's ability to develop and manufacture new and existing products based on anticipated investments in manufacturing capacity and engineering; market acceptance of new products relative to expectations and based on current commitments to fund advertising and promotions; market acceptance of existing products based on the company's current commitment to develop, improve, and market existing product lines; increased competition in the company's businesses from competitors that have greater financial resources, including competitive pricing pressures; financial viability of some distributors and dealers; the company's ability to acquire, develop, and integrate new businesses and manage alliances successfully; changes in distributor ownership; changes in distributors', dealers', home centers', or mass retailers' purchasing practices, especially elimination or reduction of shelf space for Toro's products; the company's ability to cost-effectively expand existing, open new, move production between, and close manufacturing facilities; the company's ability to manage costs and capacity constraints at its manufacturing facilities; the company's ability to manage inventory levels and fully realize recorded inventory value; the impact of unexpected developments in warranty claims or unknown product defects; the ability to retain and hire quality employees; threatened or pending litigation on matters relating to patent infringement, employment, and commercial disputes; impact of new accounting standards; and the risk that these uncertainties could affect the impact of critical accounting policies and estimates.

Particular risks and uncertainties facing the company's professional segment at the present include slower growth in both global and domestic economies that has been important to the growth of the company's professional businesses, including the golf and landscape contractor markets; customer's management of their inventory levels which could reduce their purchases and negatively impact the company's sales; decline in retail demand; customer's ordering closer to retail demand, which shifted sales from the first six months to the third quarter; market acceptance of new products, which is important to revenue growth; unforeseen quality problems in the development and production of new and existing products, which could result in loss of market share; whether Toro is successful in restructuring and plant consolidation; slowing in the growth rate in new golf course construction or existing golf course renovations; a slower growth rate in the number of new golfers, which leads to less new golf course construction; a potential slowdown in new home construction; a potential slowdown in the trend to outsource lawn maintenance to landscape contractors; challenges of establishing new dealers for the Sitework Systems product line; and the degree of success in reducing costs and achieving benefits from management changes in the agricultural irrigation business.

Particular risks and uncertainties facing the company's residential segment at the present time include inflationary pressures and the risk of a return to a recession; a decline in consumer spending for higher-priced products; further decline in consumer confidence; a weaker than expected market response to new or existing products; a decline in sales of existing products resulting from Toro's introduction of new products; unforeseen product quality problems; degree of financial success related to the new moderate-priced walk power mowers and the cost of capital investments for the new production facility to satisfy expected increase in demand for this product; increased dependence on The Home Depot as a customer; changing buying patterns, including but not limited to, a trend away from purchases at dealer outlets to price and value sensitive purchases at hardware retailers, home centers, and mass retailers; loss of, or a significant reduction in, sales through a significant distribution channel or customer, particularly because the company's residential segment has become more dependent on home center sales; and a potential slowdown in home sales.

Particular risks and uncertainties facing the company's international business at the present include weak economic conditions in the European market; customer's ordering closer to retail demand, which shifted sales from the first six months to the third quarter; heightened security for import and export shipments of components or finished goods, including delays at border crossings; the cost of price support provided to international customers and suppliers; internal and external conflicts in or between foreign countries and economic recession in countries that are markets for Toro; currency fluctuations of the dollar against the euro, Japanese yen, Australian dollar, British pound, Canadian dollar, and Mexican peso; and tax law and duty changes.

Particular risks and uncertainties facing the company's distribution segment at the present include inflationary pressures and slower economic growth; a decline in retail sales; viability of Toro dealers as customers; degree of success related to restructuring, including investments in technology and facilities for the distribution companies; ability to capture national account business, which purchases products, mainly for golf courses and landscape contractors; changes in purchasing practices of national accounts; a slower growth rate in new golf course construction or existing golf course renovations; degree of success in integrating acquired distribution companies; impact of Toro pricing that reduces gross profit on some product lines sold through the distribution companies; ability to successfully implement a just-in-time inventory initiative; and unforeseen product quality problems.

The company wishes to caution readers not to place undue reliance on any forward-looking statement and to recognize that the 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, as well as others not now anticipated. The foregoing statements are not exclusive and further information concerning the company and its businesses, including factors that potentially could materially affect the company's financial results, may emerge from time to time. Toro assumes no obligation to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

RESULTS OF OPERATIONS

Third quarter net sales were $375.6 million compared to $329.7 million last year, an increase of 13.9 percent. Year-to-date net sales were up by 5.1 percent. Residential segment net sales contributed significantly to the increase in the quarter and first nine months, primarily because of positive reaction to the new moderate-priced line of Toro walk power mowers. Worldwide sales for the professional segment were also up for the third quarter and slightly up year-to-date compared to last year, which reflects distribution customers ordering closer to retail demand that shifted Toro sales from the first six months of fiscal 2002 to the third quarter, as well as positive acceptance of new product introductions. Distribution segment sales were higher for the third quarter due to increased demand for professional equipment, irrigation systems, and residential products. Distribution segment sales were up year-to-date compared to last year due to the addition of revenues of a distribution company acquired in the third quarter of 2001. The other segment net sales reflect the elimination of sales from Toro's professional and residential segments to the distribution segment. The unfavorable change in the other segment net sales reflects Toro's increase in shipments to the distribution segment. International sales increased in the third quarter and slightly year-to-date compared to last year due in part to stronger than expected demand in the Asian golf market and distribution customers ordering closer to retail demand. Disregarding currency effects, international sales were up 11.1 percent for the third quarter and up year-to-date by 2.2 percent.

The following table summarizes net sales by segment:

(Dollars in thousands)	Three Months Ended August 2, 2002	Three Months Ended August 3, 2001	$ Change	% Change
Professional	$ 235,301	$ 222,569	$ 12,732	5.7%
Residential	119,907	85,460	34,447	40.3
Distribution	50,452	43,575	6,877	15.8
Other	(30,028)	(21,860)	(8,168)	(37.4)
Total *	$ 375,632	$ 329,744	$ 45,888	13.9%
* Includes international net sales of:	$ 60,024	$ 52,786	$ 7,238	13.7%

(Dollars in thousands)	Nine Months Ended August 2, 2002	Nine Months Ended August 3, 2001	$ Change	% Change
Professional	$ 701,267	$ 700,954	$ 313	0.0%
Residential	381,858	330,338	51,520	15.6
Distribution	118,825	104,088	14,737	14.2
Other	(78,089)	(65,673)	(12,416)	(18.9)
Total *	$ 1,123,861	$ 1,069,707	$ 54,154	5.1%
* Includes international net sales of:	$ 209,398	$ 205,170	$ 4,228	2.1%

Third quarter net earnings for fiscal 2002 were $21.9 million compared to $19.2 million in the third quarter of fiscal 2001, which did not include goodwill amortization. This 14.3 percent increase was due primarily to higher sales; lower selling, general, and administrative costs as a percentage of net sales; and a decline in interest expense. The increase was somewhat offset by lower gross margins and other income, net. Year-to-date net earnings in fiscal 2002 were $30.3 million. Results for the first nine months included the following three one-time items: a cumulative effect of change in accounting principle of $24.6 million for the goodwill write-off related to the adoption of SFAS No. 142; restructuring and other expense of $10.0 million; and a tax refund of $1.8 million. Adjusted to exclude these items, diluted net earnings per share for the first nine months of fiscal 2002 were $4.62. In the comparable fiscal 2001 period, results included $.7 million of restructuring and other income and $6.5 million of goodwill amortization, net of tax. Adjusted to exclude these items, diluted net earnings per share for the first nine months of fiscal 2001 were $4.15. The adjusted diluted net earnings per share increase of 11.3 percent was mainly due to higher sales volumes, lower interest costs, and slightly more favorable gross margins.

The following table summarizes the one-time changes in net earnings and diluted earnings per share data, net of tax effect:

	Three Months Ended			
	August 2, 2002		August 3, 2001	
	Dollars (in thousands)	Diluted per Common Share	Dollars (in thousands)	Diluted per Common Share
Net earnings	$ 21,922	$ 1.68	$ 16,932	$ 1.30
Add:				
Goodwill amortization expense	-	-	2,248	0.17
Adjusted earnings before goodwill amortization expense	$ 21,922	$ 1.68	$ 19,180	$ 1.47

	Nine Months Ended			
	August 2, 2002		August 3, 2001	
	Dollars (in thousands)	Diluted per Common Share	Dollars (in thousands)	Diluted per Common Share
Net earnings	$ 30,325	$ 2.34	$ 48,292	$ 3.68
Add (subtract):				
Cumulative effect of change in accounting principle	24,614	1.90	-	-
Restructuring and other expense (income)	6,668	0.52	(447)	(0.03)
Goodwill amortization expense	-	-	6,504	0.50
One-time tax refund	(1,775)	(0.14)	-	-
Adjusted earnings before cumulative effect of change in accounting principle, restructuring and other expense (income), goodwill amortization expense, and one-time tax refund	$ 59,832	$ 4.62	$ 54,349	$ 4.15

Professional Segment Net Sales

Net sales for the worldwide professional segment in the third quarter of fiscal 2002 were up 5.7 percent compared to the third quarter of fiscal 2001. An increase in shipments of Toro brand landscape contractor mowing equipment contributed to this improvement because customers ordered product closer to retail demand, which shifted Toro sales from the first six months of fiscal 2002 to the third quarter. Sitework Systems shipments were also up compared to the third quarter of last year due to the addition of sales to new dealers. Irrigation product sales were also higher, mainly for golf irrigation products, due to favorable weather conditions and because last year's third quarter sales were abnormally low. International sales were up significantly for the quarter due to the successful introduction of new products, stronger than expected demand in the Asian golf market, and distribution customers' ordering closer to retail demand, which shifted Toro sales from the first six months of fiscal 2002 to the third quarter.

Professional Segment Net Sales (continued)

Net sales for the worldwide professional segment in the first nine months of fiscal 2002 were up slightly compared to the first nine months of fiscal 2001. Commercial equipment sales were up slightly for the year, and irrigation product sales also increased compared to last year mainly due to lower field inventory levels entering fiscal 2002 and favorable weather conditions. Sitework Systems shipments and international sales were also up for the year due to the same reasons mentioned in the quarter comparison. Worldwide agricultural irrigation product sales were also up slightly year-to-date compared to last year. Somewhat offsetting those increases was a decline in shipments of landscape contractor mowing equipment year-to-date compared to last year, as Toro and its customers attempted to reduce field inventory levels and as a result of the late spring weather. In the fourth quarter of fiscal 2001, retail demand for landscape contractor equipment unexpectedly declined as a result of the September 11 events, dry weather conditions, and the economic recession. Toro, however, did not reduce shipments of landscape contractor equipment before the end of fiscal 2001 due to the unexpected decline in retail demand. This resulted in higher than planned field inventory levels entering fiscal 2002. The company took steps in the first six months of fiscal 2002 to lower field inventory levels by reducing shipments to customers and cutting manufacturing production. On a positive note, retail demand has increased for the first nine months of fiscal 2002 compared to the first nine months of fiscal 2001 for landscape contractor equipment.

Residential Segment Net Sales

Net sales for the worldwide residential segment in the third quarter of fiscal 2002 increased 40.3 percent compared to the third quarter of fiscal 2001. Walk power mower shipments led this increase due to positive reaction to the new moderate-priced line of Toro walk power mowers sold at The Home Depot and through the Toro dealer network. Sales of retail irrigation products were also higher compared to the third quarter of fiscal 2001 due to additional regional shelf space with a key customer and new product introductions. Electric trimmer sales also increased compared to the third quarter of fiscal 2001 due to timing of shipments closer to retail demand. Offsetting those increases to some degree were lower worldwide shipments of riding products due to continued weak economic conditions that has resulted in lower sales of higher-priced products as well as consumer preference for lower-priced units. Shipments of snowthrower products were down significantly compared to the third quarter of last year because abnormally strong demand in the third quarter of fiscal 2001 resulted in low field inventory levels entering the 2001-2002 winter season. However, a milder 2001-2002 snow season resulted in higher field inventory levels entering the 2002-2003 winter season, thus reducing shipments for the third quarter of fiscal 2002 compared to the third quarter of fiscal 2001. As a result of higher snowthrower field inventory levels, Toro expects lower sales of snowthrower products in the fourth quarter of fiscal 2002 compared to the fourth quarter of fiscal 2001.

Net sales for the worldwide residential segment in the first nine months of fiscal 2002 increased 15.6 percent compared to the same period in fiscal 2001. The increase was due to the same contributing factors mentioned in the above quarter comparison, and to higher walk power mower shipments up year-to-date, due to initial stocking orders for the new moderate-priced line of Toro walk power mowers in the first half of fiscal 2002. Sales of electric blowers were also up for the year-to-date comparison due to warm fall weather that extended the selling season into the first quarter of fiscal 2002. The percentage increase was diminished somewhat because sales in fiscal 2001 were unusually high because of initial stocking shipments for new riding products, such as the Toro Timecutter(TM) Z mower and the Toro Twister(TM) utility vehicle. Lawn-Boy walk power mower shipments declined for the year-to-date comparison as result of lost shelf space at a home center customer for the 4 cycle engine models. Shipments of snowthrower products were also down for the same reasons mentioned in the above quarter comparison. International sales were down compared to last year because high levels of field inventory for walk power mowers and riding products reduced Toro shipments in fiscal 2002, somewhat offset by increased sales of retail irrigation products in Australia due to favorable weather conditions.

Distribution Segment Net Sales

Net sales for the distribution segment in the third quarter of fiscal 2002 increased 15.8 percent compared to the third quarter of fiscal 2001. Increased demand for landscape contractor equipment, commercial golf and grounds equipment, irrigation systems, and residential segment products contributed to the sales improvement.

Net sales for the distribution segment in the first nine months of fiscal 2002 increased 14.2 percent compared to the first nine months of fiscal 2001. The change was mainly due to the addition of sales from a distribution company acquired in the third quarter of fiscal 2001.

Other Segment Net Sales

Net sales for the other segment includes the elimination of sales from the professional and residential segments to the distribution segment. Shipments from the professional and residential segments to the Toro-owned distribution companies are eliminated because consolidated results reflect those sales after products are sold by those company-owned distributorships. In addition, elimination of the professional and residential segments' floor plan interest costs from the Toro Credit Company is also included in this segment. The other segment net sales elimination in the third quarter of fiscal 2002 increased 37.4 percent compared to the third quarter of fiscal 2001. This increase was due to increased shipments from the professional and residential segments to the Toro-owned distribution companies.

Year-to-date net sales elimination for the other segment in fiscal 2002 increased 18.9 percent compared to last year. This increase was mainly due to the additional sales elimination for a distribution company acquired in the third quarter of fiscal 2001.

Gross Profit

Third quarter gross profit in fiscal 2002 was up 9.2 percent compared to the third quarter of fiscal 2001, but as a percentage of net sales declined to 34.3 percent compared to 35.8 percent in the third quarter of fiscal 2001. This decline in gross margin was due to a higher proportion of sales of lower margin products, mainly the new moderate-priced Toro walk power mowers. In addition, gross margins were lower due to higher manufacturing costs from lower plant utilization as a result of management's efforts to reduce Toro's and customers inventory levels, mainly for the professional segment. Floor plan expenses were also higher due to accruing costs at the time of sale. Somewhat offsetting those negative factors were lower material costs resulting from the company's "5 by Five" program initiatives.

Year-to-date gross profit was up 5.4 percent compared to last year, but as a percentage of net sales, year-to-date gross profit in fiscal 2002 increased to 34.4 percent compared to 34.3 percent last year. This slight gross margin improvement was due to cost reduction efforts and lower material costs, but was somewhat offset by higher manufacturing costs and increased shipments of lower margin products.

Selling, General, and Administrative Expense

Third quarter selling, general, and administrative expense (SG&A) increased 4.9 percent compared to the third quarter of fiscal 2001. SG&A for the third quarter of fiscal 2001 included goodwill amortization expense of $2.2 million, which is not reflected in SG&A costs in fiscal 2002 due to the adoption of SFAS No. 142 described previously. Excluding goodwill amortization expense for the third quarter of fiscal 2001, SG&A as a percentage of net sales was 24.6 percent in the third quarter of fiscal 2002 compared to 26.1 percent in the third quarter of fiscal 2001. SG&A costs as a percentage of net sales were down mainly because fixed expenses were spread over higher sales volumes, but the decline was offset somewhat by higher warranty expense, from special reserves for known product issues, as well as higher incentive compensation costs.

Year-to-date SG&A expense increased 3.1 percent compared to last year. SG&A for fiscal 2001 included goodwill amortization expense of $6.4 million, which is not reflected in SG&A costs in fiscal 2002 due to the adoption of SFAS No. 142 described previously. Excluding goodwill amortization expense for fiscal 2001, SG&A as a percentage of net sales was 25.4 percent in the first nine months of fiscal 2002 compared to 25.3 percent in the first nine months of fiscal 2001. The acquisition of a distribution company in the third quarter of fiscal 2001 added approximately $3.1 million of incremental SG&A expense in the first nine months of fiscal 2002. This increase was also due to higher bad debt, warranty, and incentive compensation expense, offset by lower marketing costs.

Restructuring and Other Expense (Income)

Year-to-date restructuring and other expense for fiscal 2002 was $10.0 million. In the first quarter of fiscal 2002, the company announced plans to close its Evansville, Indiana and Riverside, California manufacturing facilities during fiscal 2002. These actions are part of Toro's overall long-term strategy to reduce production costs and improve long-term competitiveness. Closing these facilities resulted in a pre-tax restructuring and other expense charge of $8.0 million. In the first quarter of fiscal 2002, the company also incurred a $2.0 million charge for asset impairment related to the write-off of patents and non-compete agreements in the agricultural irrigation business. Toro also evaluated the recoverability of some acquired intangible assets and determined the acquired patents and non-compete agreements in the agricultural irrigation business had no future value due to changes in this business. During the first quarter of fiscal 2001, the company had restructuring and other unusual income of $0.7 million from the reversal of an accrual remaining for closing of the Sardis, Mississippi facility, which was sold during the first quarter of fiscal 2001.

Interest Expense

Third quarter interest expense in fiscal 2002 declined 24.6 percent compared to the third quarter of fiscal 2001. This decrease was primarily due to lower levels of short-term debt as a result of using prior periods' earnings to pay down debt, improved asset management in the third quarter of fiscal 2002, and lower interest rates.

Year-to-date interest expense in fiscal 2002 declined 14.9 percent compared to last year due to the same contributing factors as in the quarter comparison.

Other Income, Net

Third quarter other income, net, in fiscal 2002 was $0.8 million compared to $3.1 million in the third quarter of fiscal 2001, an unfavorable change of $2.3 million. This unfavorable variance was due to higher currency exchange rate losses, higher litigation expense, lower finance charge revenue, and lower levels of insurance recoveries. Somewhat offsetting those declines in other income, net was a recovery of notes receivable previously written off and increased gains on the disposal of property, plant, and equipment, mainly for a gain on the sale of one of the owned facilities located in Riverside, California.

Year-to-date other income, net, was $3.9 million compared to $4.5 million last year, a decline of 13.5 percent. This decrease was due to the same contributing factors mentioned in the quarter comparison. Somewhat offsetting those declines in other income, net was a recovery of notes receivable previously written off, increased gains on the disposal of property, plant, and equipment, mainly for a gain on the sale of one of the owned facilities located in Riverside, California, lower levels of valuation charges for investments, and higher royalty income.

Operating Earnings (Loss) by Segment

Operating earnings (loss) by segment is defined as earnings (loss) from operations plus other income, net for the professional, residential, and distribution segments. The other segment operating loss consists of corporate activities, including corporate financing activities, other income, net, and interest expense.

Professional Segment Operating Earnings

Operating earnings for the worldwide professional segment in the third quarter of fiscal 2002 were $34.8 million compared to $37.7 million last year, a decrease of 7.6 percent. As a percentage of net sales, third quarter fiscal 2002 operating earnings were 14.8 percent compared to 16.9 percent in last year's comparable quarter. Gross margin as a percentage of net sales fell 2.3 percent, mainly from higher manufacturing costs and higher floor plan expenses, somewhat offset by positive results from lower material costs. SG&A costs as a percentage of professional segment net sales were slightly higher by 0.2 percent due to increased warranty expense, partially offset by lower costs related to the exclusion of goodwill amortization expense in the third quarter of fiscal 2002. Somewhat offsetting the operating profit decline was a favorable change of other income, net related from a gain on the sale of one of the owned facilities located in Riverside, California.

Year-to-date operating earnings before restructuring and other expense for the worldwide professional segment in fiscal 2002 were $107.1 million compared to $105.3 million last year, an increase of 1.7 percent. As a percentage of net sales, professional segment operating margins increased to 15.3 percent from 15.0 percent last year. Gross margin as a percentage of net sales rose 0.4 percent, mainly from cost reduction efforts and lower material costs, somewhat offset by higher manufacturing costs. SG&A costs as a percentage of professional segment net sales were higher by 0.3 percent due to increased warranty expense, partially offset by lower costs related to the exclusion of goodwill amortization expense in fiscal 2002.

Residential Segment Operating Earnings

Operating earnings for the worldwide residential segment in the third quarter of fiscal 2002 were $12.2 million compared to $5.1 million in the third quarter of fiscal 2001, a significant increase of 138.5 percent. As a percentage of net sales, third quarter fiscal 2002 operating earnings were 10.1 percent compared to 6.0 percent in last year's comparable quarter. Gross margin fell 1.3 percent as a percentage of net sales due to lower margins for the new moderate-priced walk power mowers, higher manufacturing costs and increased floor plan expense, partially offset by lower costs for currency support in fiscal 2002 compared to fiscal 2001. SG&A costs were lower by 5.5 percent as a percentage of residential segment net sales mainly due to leveraging fixed SG&A costs over higher sales volumes.

Year-to-date operating earnings before restructuring and other income for the worldwide residential segment in fiscal 2002 were $39.9 million compared to $29.3 million last year, an increase of 36.3 percent. As a percentage of net sales, residential segment operating margins increased to 10.5 percent from 8.9 percent last year. The reasons for the increase are the same as in the quarter comparison.

Distribution Segment Operating Earnings (Loss)

Operating earnings for the distribution segment in the third quarter of fiscal 2002 were $2.3 million compared to $.2 million for the third quarter of fiscal 2001. This substantial improvement was mainly due to higher sales volumes and cost reductions at some of the company-owned distributorships.

Year-to-date operating results for the distribution segment in fiscal 2002 were $2.0 million earnings compared to a $1.1 million loss last year. The $3.1 million improvement was mainly due to operating improvements at the company-owned distributorships.

Operating Earnings (Loss) by Segment (continued)

Other Segment Operating Losses

Operating losses for the other segment in the third quarter of fiscal 2002 were $16.6 million compared to losses of $16.1 million in the third quarter of fiscal 2001, an unfavorable change of 2.8 percent. This loss increase was due to higher incentive compensation, lower other income, net, somewhat offset by a decline in interest expense and lower elimination of gross profit. The third quarter of fiscal 2001 reflected the elimination of gross profit previously recorded with respect to Toro sales to a distribution company acquired in the third quarter of fiscal 2001.

Year-to-date operating losses for the other segment in fiscal 2002 were $59.7 million compared to losses of $57.5 million in fiscal 2001, an unfavorable change of 3.8 percent. This loss increase was due to the same factors mentioned in the quarter comparison. In addition, bad debt expense was higher for the first nine months of fiscal 2002 compared to the first nine months of fiscal 2001.

Provision for Income Taxes

The effective tax rate in the third quarter and the first nine months of fiscal 2002 was 33.0 percent compared to 37.0 percent in the third quarter and first nine months of fiscal 2001, before a one-time federal tax refund of $1.8 million in fiscal 2002. The decrease was mainly due to the adoption of SFAS No. 142 that eliminated goodwill amortization expense beginning in the first quarter of fiscal 2002. Most of the goodwill amortization was not deductible for tax purposes. The tax rate also decreased due to increased benefits from foreign tax strategies related to Toro's foreign sales corporation. In the second quarter of fiscal 2002, Toro received a one-time federal tax refund of $1.8 million related to the company's foreign sales corporation for prior fiscal years.

Cumulative Effect of Change in Accounting Principle

In connection with the adoption of SFAS No. 142, the company performed an evaluation of goodwill as of November 1, 2001. The results of the evaluation indicated that goodwill related to the agricultural irrigation reporting unit was impaired. The performance of this reporting unit had not met management's original expectations, mainly due to lower than anticipated growth rates in the drip line market. This resulted in lower industry-wide pricing and margins on product sales. The company measured the amount of impairment based on a comparison of the fair value to its carrying value. Accordingly, the company recognized a $24.6 million non-cash charge, net of income tax benefit of $0.5 million, as a cumulative effect of change in accounting principle for the write-off of goodwill for the agricultural irrigation reporting unit. The results of this unit are reflected in professional segment results.

Financial Position as of August 2, 2002

August 2, 2002 compared to August 3, 2001

Total assets on August 2, 2002 were $856.7 million compared to $908.7 million on August 3, 2001, a decrease of 5.7 percent. Net accounts receivable increased by $6.2 million or 1.8 percent, due to the increase in sales. Inventory decreased $36.2 million or 14.8 percent mainly due to the increase in sales, improved asset management, and reduced production of some professional segment products. Net property, plant, and equipment increased $16.4 million due to higher amounts of capital additions in comparison to depreciation expense, mainly for plant expansion in Mexico and at the Beatrice, Nebraska facility. Goodwill and other intangible assets decreased $30.1 million mainly due to the goodwill and other intangible asset write-offs in the agricultural irrigation business as part of the adoption of SFAS No. 142. In addition, amortization expense of goodwill and other intangible assets in fiscal 2001 also contributed to the decrease in goodwill and other intangible assets.

Total current liabilities on August 2, 2002 were $307.5 million compared to $356.4 million at August 3, 2001, a decrease of 13.7 percent. Short-term debt decreased by $86.4 million mainly due to using earnings to pay down short-term debt as well as higher levels of accounts payable and lower levels of inventory. Accounts payable increased by $11.0 million due to the company's efforts to extend its payment terms. Accrued liabilities also increased by $11.0 million mainly due to higher accruals for restructuring and warranty reserves.

Financial Position as of August 2, 2002 (continued)

August 2, 2002 compared to October 31, 2001

Total assets on August 2, 2002 were $856.7 million compared to $835.7 million at October 31, 2001, an increase of 2.5 percent. Net accounts receivable increased $70.2 million from October 31, 2001 due to the seasonal increase in accounts receivable. Inventory declined by $25.3 million due to the increase in sales, improved asset management, and reduced production of some professional segment products. Net property, plant, and equipment increased $12.3 million due to higher amounts of capital additions in comparison to depreciation expense mainly for plant expansion in Mexico and at the Beatrice, Nebraska facility. Goodwill and other intangible assets decreased $27.6 million mainly due to the goodwill and other intangible asset write-offs in the agricultural irrigation business as previously discussed.

Total current liabilities on August 2, 2002 were $307.5 million compared to $292.6 million at October 31, 2001, an increase of 5.1 percent. This increase was due to higher accrued liabilities, mainly for warranty reserves; restructuring reserves; and higher accruals for various seasonal sales and marketing programs. Somewhat offsetting the increase was lower short-term debt due to using earnings to pay down short-term debt as well as lower levels of inventory. Accounts payable also decreased by $10.5 million mainly due to timing of payments as well as lower inventory levels.

Critical Accounting Estimates

The Securities and Exchange Commission (SEC) recently issued proposed guidance for disclosure of critical accounting policies. The SEC defines "critical accounting policies" as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. The company plans to adopt the disclosure requirements regarding critical accounting policies when the SEC issues its final rules.

Toro's significant accounting policies are described in Note 1 to the consolidated financial statements in the company's Fiscal 2001 Annual Report on Form 10-K. Not all of these significant accounting policies require management to make difficult subjective or complex judgments or estimates. However, management believes the following accounting policies, which require more significant judgments and estimates used in the preparation of our consolidated financial statements, could be deemed to be critical within the proposed definition.

Accounts and Notes Receivable Valuation

The company establishes a reserve for specific accounts and notes receivables that are believed to be uncollectable as well as an estimate of uncollectable receivables. Each quarter, the company evaluates past collection history, current financial conditions of key customers, and economic conditions when establishing an allowance for doubtful accounts. Portions of the accounts receivable are supported by a security interest in product held by customers, which minimizes Toro's collection exposure. A deterioration in the financial condition of any key customer or a significant continued slow down in the economy could have a material negative impact on the company's ability to collect a portion of the accounts and notes receivable. Management believes it has adequately reserved for potential uncollectable receivables as of August 2, 2002.

Inventory Valuation

The company establishes a reserve for excess and obsolete inventory. Each quarter, the reserve is based on a review of the expected selling price of inventory. Toro's inventory is not exposed to rapid technological changes. However, valuation of inventory can be affected by significant redesign of existing products. The company typically utilizes marketing programs that it believes can facilitate sales of products that will be significantly redesigned for the next model year.

The company manufactures products in advance of the selling season. As a result, Toro could have higher than planned inventory levels if demand declines significantly from anticipated levels. The majority of the company's products do not change from year to year, so that excess inventory from one year is usually sold for at least cost in the next fiscal year. Management believes it has established an adequate reserve for excess and obsolete inventory as of August 2, 2002.

Critical Accounting Estimates (continued)

Warranty Reserves

The company establishes a reserve for future warranty claims at the time of sale based on historical claims experience by product line. The company also establishes reserves for special rework campaigns for known major product issues. In general, warranties tend to be for six months to seven years, and cover all parts and labor for non-maintenance repairs and wear items, provided operator abuse, improper use, or negligence did not necessitate the repair. Actual claims could be materially higher than the reserve accrued at the time of sale due both to the long warranty period offered by the company and to the possibility that actual claims could be higher than the reserve if a significant manufacturing or design defect is not discovered until after the product is delivered to customers.

Management believes that its analysis of historical trends and knowledge of potential manufacturing or design problems provide sufficient information to establish an estimate for warranty claims at the time of sale. Management believes it has adequately reserved for future warranty claims as of August 2, 2002.

Liquidity and Capital Resources

Cash provided by operating activities for the first nine months of fiscal 2002 was $61.7 million and compared favorably to $25.3 million of cash used in operating activities for the first nine months in fiscal 2001. This improvement of $86.9 million was due to higher earnings before non-cash expenses and a lower rate of increase in working capital, mainly for inventory, as compared to the prior year's comparable period. Cash used in investing activities was higher by $1.0 million, or 3.2 percent, when compared with the first nine months of fiscal 2001, during which the company paid $8.5 million, net of cash acquired for Goossen Industries, Inc. and Electronic Industrial Controls, Inc. Higher levels of property, plant, and equipment purchases and other assets in the first nine months of fiscal 2002 compared to the same time period in fiscal 2001 contributed to the increase. Cash used in financing activities for the first nine months of fiscal 2002 was $41.9 million compared to $57.0 million of cash provided by financing activities for the first nine months of fiscal 2001. This favorable change of $98.8 million was because the company borrowed less short-term debt during the first nine months of fiscal 2002 compared to the first nine months of fiscal 2001. In addition, Toro was able to use cash on hand at October 31, 2001, which was higher compared to cash on hand at October 31, 2000, for operating and investing activities in the first quarter of fiscal 2002.

The company entered into new agreements (Working Capital Agreements) with its banks during February 2002 to fund its seasonal working capital requirements. The Working Capital Agreements provide $250.0 million of committed unsecured bank credit lines. Under these Working Capital Agreements, the company can also borrow in currencies other than U.S. dollars. Interest expense on these credit lines is based on LIBOR plus a basis point spread defined in the Working Capital Agreements, which increased in the new agreements. However, the company anticipates lower interest expense in fiscal 2002 compared to fiscal 2001 due to lower average LIBOR rates and lower average borrowing levels. The company's non-U.S. operations and a domestic subsidiary also maintain unsecured short-term lines of credit of approximately $10 million. These facilities bear interest at various rates depending on the rates in their respective countries of operation. The company also has a letter of credit subfacility as part of the above Working Capital Agreements. The company's business is seasonal, with peak borrowing under the agreements described above generally occurring between February and May each year. Significant financial covenants in the Working Capital Agreements relate to interest coverage and debt to total capitalization ratios. The company was in compliance with all covenants related to the Working Capital Agreements at August 2, 2002. If the company was out of compliance with any debt covenant required by the Working Capital Agreements, the banks could terminate their commitments unless Toro could negotiate a covenant waiver from the banks. In addition, the company's long-term public notes and debentures could become due and payable if the company was unable to obtain a covenant waiver or refinance its short-term debt under its Working Capital Agreements. If the company's credit rating falls below investment grade, the interest rate it currently pays on outstanding debt on the Working Capital Agreements would rise, but the credit commitments could not be cancelled by the banks based only on a ratings downgrade.

Management believes that the combination of funds available through its existing Working Capital Agreements, coupled with forecasted cash flows, will provide the necessary capital resources for the company's anticipated working capital, capital additions, long-term debt repayments, and stock repurchases during the next twelve months.

Contractual Obligations and Commercial Commitments

The following information is presented as of October 31, 2001, and there has been no material change in this information.

(Dollars in thousands)

Obligation	Due in Fiscal 2002	2003	2004	2005	2006	After 2006	Total
Long-term debt	$ 513	$ 15,830	$ 44	$ 45	$ 46	$ 178,600	$ 195,078
Capital lease obligation	92	-	-	-	-	-	92
Operating leases	9,523	7,220	5,075	3,676	2,527	5,761	33,782
Total cash obligations	$ 10,128	$ 23,050	$ 5,119	$ 3,721	$ 2,573	$ 184,361	$ 228,952

The company also has approximately $20 million in outstanding letters of credit at any given time as required by certain vendor contracts. The company also has guaranteed debts incurred by business partners, aggregating $1.3 million as of August 2, 2002.

Customer Financing

Wholesale Financing

Toro Credit Company (TCC), a wholly owned finance subsidiary of the company, provides financing for selected products manufactured by Toro to Toro's North American distributors and approximately 250 domestic dealers. Independent Toro and Exmark distributors and dealers that do not finance through TCC generally finance their inventories with third party financing companies.

TCC and other third party finance companies purchase selected receivables from Toro and its distributors and dealers for extended periods, which enables those customers to carry representative inventories of equipment. Downpayments are not required and, depending on the finance program for each product line, finance charges are either incurred by Toro, shared between Toro and the distributor or dealer, or paid by the distributor or dealer. A security interest is retained in the distributors' and dealers' inventories, and periodic physical checks are made of those inventories. Under the terms of the sales to distributors and dealers, finance charges are charged to distributors and dealers on outstanding balances, from the earlier of the date when product is sold to a customer, or the expiration of company-supported finance terms granted at the time of sale to the distributor or dealer, until payment is received by the third party finance company. Rates are generally fixed or based on prime rate plus a fixed percentage depending on whether the financing is for a distributor or dealer. Rates may also vary based on the product that is financed. Distributors and dealers cannot cancel purchases after goods are shipped and are responsible for payment even if the equipment is not sold to retail customers.

Third party financing companies purchased $373 million of receivables of Toro financed products during the last twelve months. The outstanding receivable balance owed from the company's distributors and dealers to third party financing companies was $124.6 million on August 2, 2002. The company also enters into limited inventory repurchase agreements with third party financing companies. As of August 2, 2002, the company was contingently liable to repurchase up to $3.7 million of inventory related to receivables under these financing arrangements. The company has repurchased only immaterial amounts of inventory from third party financing companies over the past few years. However, an adverse change in retail sales could cause this situation to change and thereby require Toro to repurchase financed product.

End-User Financing

During February 2002, the company entered into an agreement with a third party financing company to provide lease-financing options to domestic golf course and some grounds equipment customers. The purpose of the agreement is a sales and marketing tool to give end-user buyers of the company's products alternative financing options when purchasing Toro product. Under the terms of this agreement, the company could be contingently liable for a portion of the credit collection and residual realization risk on the underlying equipment for leasing transactions financed under this program. Under a provision of this agreement, if Toro maintains an investment grade credit rating, the company is not required to provide any collateral. If the company's credit rating falls below investment grade, Toro would be required to provide collateral in the form of a letter of credit, up to $5.0 million.

In the normal course of business, Toro has arrangements with other financial institutions to provide various forms of financing options to end customers. None of these other arrangements requires any material financial involvement by the company.

Distributor Financing

The company enters into long-term loan and equity investment agreements with some distribution partners. These transactions are used for expansion of the distribution partners' businesses, acquisitions, refinancing working capital agreements, or ownership changes. As of August 2, 2002, Toro has loaned and/or invested $7.5 million in some distribution companies. This amount is included in other long-term assets on the consolidated balance sheet.

Inflation

The company is subject to the effects of inflation and changing prices. In management's opinion, changes in net sales and net earnings that have resulted from inflation and changing prices have not been material during the periods presented. However, there is no assurance that inflation will not materially affect the company in the future. The company attempts to deal with inflationary pressures by actively pursuing internal cost reduction efforts and introducing modest price increases.

Outlook

The company anticipates sales in the fourth quarter fiscal 2002 to be even with or slightly down from the fourth quarter of fiscal 2001. Sales for the professional segment are expected to be even in the fourth quarter of fiscal 2002 compared to the fourth quarter of fiscal 2001 due to continued inventory management efforts. Sales in the residential segment are expected to be down for snowthrower products in the fourth quarter compared to the fourth quarter of fiscal 2001 due to high field inventory levels entering the 2002-2003 winter season. This anticipated decrease may be offset by higher sales for the new line of Toro walk power mowers. In addition, continued benefits from "5 by Five" programs are expected to continue to improve fiscal 2002 earnings compared to fiscal 2001. Management expects sales growth in the low single digits in fiscal 2002 over fiscal 2001, and diluted earnings per share to reach $4.85 to $4.90 in fiscal 2002, before cumulative effect of accounting change, restructuring and other expense, and a one-time tax refund.

Quantitative and Qualitative Disclosures about Market Risk

Toro is exposed to market risk stemming from changes in foreign currency exchange rates, interest rates, and commodity prices. Changes in these factors could cause fluctuations in the company's net earnings and cash flows. In the normal course of business, Toro actively manages its exposure to some market risks by entering into various hedging transactions, authorized under company policies that place controls on these activities. The company's hedging transactions involve the use of a variety of derivative instruments. Toro uses derivatives only to attempt to limit underlying exposure to currency fluctuations, and not for trading purposes.

Foreign Currency Exchange Rate Risk
The company is exposed to foreign currency exchange rate risk arising from transactions in the normal course of business. Toro is subject to risk from sales and loans to wholly owned subsidiaries as well as sales to third party customers, purchases from suppliers, and bank lines of credit with creditors denominated in foreign currencies. The company manages foreign currency exchange rate exposure from anticipated sales, accounts receivable, intercompany loans, anticipated purchases, and credit obligations through the use of naturally occurring offsetting positions (borrowing in local currency) and foreign currency exchange contracts. Foreign currency exchange contracts to hedge forecasted transactions are designated as cash flow hedges with the fair value recorded in accumulated comprehensive income (loss) and as a hedge asset or liability as applicable. Once the forecasted transaction has been recognized as a sale or purchase and a related asset or liability recorded on the balance sheet, the related fair value of the derivative hedge contract is reclassified from accumulated comprehensive income (loss) into earnings. The related amounts payable to, or receivable from, the contract counter parties are included in accrued liabilities or prepaid expenses and other current assets.

The following foreign currency exchange contracts held by the company have maturity dates in fiscal 2002 and 2003. All items are non-trading and stated in U.S. dollars. Certain derivative instruments the company enters into do not meet the hedging criteria of SFAS No. 133. Therefore, the fair value impact is recorded in other income, net. The average contracted rate, notional amount, value of derivative instrument in accumulated comprehensive income (loss), and fair value of derivative instrument in other income, net at August 2, 2002 were as follows:

DOLLARS IN THOUSANDS	AVERAGE CONTRACTED RATE	NOTIONAL AMOUNT	VALUE IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	FAIR VALUE IMPACT GAIN (LOSS)
Buy US dollar/Sell Australian dollar	.5424	22,856.6	259.5	(205.7)
Buy US dollar/Sell Canadian dollar	1.5619	7,634.8	156.7	5.5
Buy US dollar/Sell Euro	.9870	33,310.0	(181.0)	518.9
Buy Australian dollar/Sell US dollar	.5413	297.7	-	1.7
Buy British pound/Sell US dollar	1.4572	400.7	21.0	-
Buy Euro/Sell US dollar	.9396	2,442.8	(0.9)	175.7
Buy Japanese yen/Sell US dollar	121.8021	7,348.0	225.5	(17.4)
Buy Mexican peso/Sell US dollar	10.1260	6,517.7	(55.6)	-
Buy Swiss franc/Sell US dollar	1.7035	797.2	122.3	-

Interest Rate Risk The company is exposed to interest rate risk arising from transactions that are entered into during the normal course of business. The company's short-term debt rates are dependent upon the LIBOR rate plus an additional percentage based on the company's current borrowing level. See the company's Fiscal 2001 Annual Report on Form 10-K (Item 7A). There has been no material change in this information. Commodities Some raw materials used in the company's products are exposed to commodity price changes. Toro manages some of this risk by using long-term agreements with some vendors. The primary commodity price exposures are with aluminum, steel, and plastic resin.

Related Party Transactions The company has entered into related party transactions. Toro sells product to a distribution company that is owned in part by an executive officer of Toro. This executive officer is currently on temporary assignment at Toro and will return to the distributorship upon completion of his assignment. In addition, Toro also sells products to companies whose executive officers are members of Toro's Board of Directors. The company believes the transactions described above between Toro and related parties are at arms-length and not material to the consolidated financial results of the company. ITEM 4. CONTROLS AND PROCEDURES Changes in Internal Controls Toro has had accounting procedures and related systems of internal control in place for many years. They are intended to provide reasonable assurance that assets are safeguarded, transactions are appropriately authorized and included in the financial records in all material aspects, and that policies and procedures are implemented and performed by qualified personnel. The company's internal audit department periodically conducts reviews of financial internal controls and reports the results to management and the audit committee. Based on these reviews, the company takes corrective action that may be necessary with regard to deficiencies and weaknesses in internal controls. For the quarter ended August 2, 2002, there have been no significant changes in internal controls or other factors that could significantly affect these controls, and the company has not identified any significant weaknesses in internal controls. 26

PART II. OTHER INFORMATION Item 6. Exhibits and Reports on Form 8-K (a) Exhibits. 3(i) and 4(a) Restated Certificate of Incorporation of Registrant (incorporated by reference to Exhibit 3(i) and 4(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 2001). 3(ii) and 4(b) Bylaws of Registrant (incorporated by reference to Exhibit 3(ii) and 4(d) to Registrant's Quarterly Report on Form 10-Q for the quarter ended August 3, 2001). 4(c) Specimen form of Common Stock certificate (incorporated by reference to Exhibit 4(c) to Registrant's Registration Statement on Form S-8, Registration No. 2-94417). 4(d) Rights Agreement dated as of May 20, 1998, between Registrant and Wells Fargo Bank Minnesota, National Association relating to rights to purchase Series B Junior Participating Voting Preferred Stock, as amended (incorporated by reference to Registrant's Current Report on Form 8-K dated May 27, 1998, Commission File No. 1-8649). 4(e) Indenture dated as of January 31, 1997, between Registrant and First National Trust Association, as Trustee, relating to the Registrant's 7.125% Notes due June 15, 2007 and its 7.80% Debentures due June 15, 2027 (incorporated by reference to Exhibit 4(a) to Registrant's Current Report on Form 8-K for June 24, 1997, Commission File No. 1-8649). 10(a) Form of Employment Agreement in effect for executive officers of Registrant (incorporated by reference to Exhibit 10(a) to Registrant's Quarterly Report on Form 10-Q for the quarter ended July 30, 1999).* 10(b) The Toro Company Directors Stock Plan (incorporated by reference to Exhibit 10(b) to Registrant's Quarterly Report on Form 10-Q for the quarter ended April 28, 2000).* 10(c) The Toro Company Annual Management Incentive Plan II for officers of Registrant (incorporated by reference to the appendix to Registrant's Proxy Statement on Form DEF 14A for the fiscal year ended October 31, 2001).* 10(d) The Toro Company 1989 Stock Option Plan (incorporated by reference to Exhibit 10(e) to Registrant's Quarterly Report on Form 10-Q for the quarter ended July 30, 1999).* 10(e) The Toro Company 1993 Stock Option Plan (incorporated by reference to Exhibit 10(f) to Registrant's Quarterly Report on Form 10-Q for the quarter ended July 30, 1999).* 10(f) The Toro Company Performance Share Plan (incorporated by reference to the appendix to Registrant's Proxy Statement on Form DEF 14A for the fiscal year ended October 31, 2001).* 10(g) The Toro Company 2000 Stock Option Plan (incorporated by reference to the appendix to Registrant's Proxy Statement on Form DEF 14A for the fiscal year ended October 31, 2001).* 10(h) The Toro Company Supplemental Management Retirement Plan (incorporated by reference to Exhibit 10(h) to Registrant's Quarterly Report on Form 10-Q for the quarter ended April 28, 2000).* 10(i) The Toro Company Supplemental Retirement Plan (incorporated by reference to Exhibit 10(i) to Registrant's Quarterly Report on Form 10-Q for the quarter ended July 30, 1999).*

10(j) The Toro Company Chief Executive Officer Succession Incentive Award Agreement. 10(k) The Toro Company Deferred Compensation Plan for Officers (incorporated by reference to Exhibit 10(k) to Registrant's Quarterly Report on Form 10-Q for the quarter ended July 28, 2000).* 10(l) The Toro Company Deferred Compensation Plan for Non-Employee Directors (incorporated by reference to Exhibit 10(l) to Registrant's Quarterly Report on Form 10-Q for the quarter ended July 28, 2000).* 10(m) The Toro Company 2000 Directors Stock Plan (incorporated by reference to Exhibit 10(m) to Registrant's Quarterly Report on Form 10-Q for the quarter ended July 28, 2000).* 99.1 SEC Order Certification of Chief Executive Officer. 99.2 SEC Order Certification of Chief Financial Officer. 99.3 Section 906 Certification of Chief Executive Officer. 99.4 Section 906 Certification of Chief Financial Officer. *Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Quarterly Report on Form 10-Q pursuant to Item 14(c). (b) Reports on Form 8-K None.

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 thereunto duly authorized. THE TORO COMPANY (Registrant) Date: September 13, 2002 By /s/ Stephen P. Wolfe --------------------------------- Stephen P. Wolfe Vice President, Finance Treasurer and Chief Financial Officer (Principal Financial Officer) CERTIFICATIONS I, Kendrick B. Melrose, certify that: 1. I have reviewed this quarterly report on Form 10-Q of The Toro Company; 2. Based on my knowledge, this quarterly 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 quarterly report; 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report. /s/ Kendrick B. Melrose ------------------------------------ Kendrick B. Melrose Chairman and Chief Executive Officer (Principal Executive Officer) September 13, 2002 I, Stephen P. Wolfe, certify that: 1. I have reviewed this quarterly report on Form 10-Q of The Toro Company; 2. Based on my knowledge, this quarterly 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 quarterly report; 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report. /s/ Stephen P. Wolfe ------------------------------------ Stephen P. Wolfe Vice President, Finance Treasurer and Chief Financial Officer (Principal Financial Officer) September 13, 2002

THE TORO COMPANY
CHIEF EXECUTIVE OFFICER SUCCESSION INCENTIVE AWARD AGREEMENT

AGREEMENT ("Agreement") dated as of July 31, 1995, as amended July 31, 1997, July 31,1998 and July 18, 2002, by and between The Toro Company, a Delaware corporation (the "Company"), and Kendrick B. Melrose, its Chief Executive Officer ("Mr. Melrose"), pursuant to which The Toro Company Chief Executive Officer Succession Plan (the "Plan") is implemented.

1. GRANT OF AWARD.

a. GRANT OF RESTRICTED STOCK. The Company hereby grants to Mr. Melrose the number of whole shares of Common Stock having an aggregate fair market value of $500,000 on July 31, 1995 (the "Restricted Stock"), subject to forfeiture or reduction of the number of shares in the event performance goals set forth in Subsection 2.a.i(A) (the "Performance Goals") are not achieved and to the other terms and conditions of the Plan; provided however that in the event the fair market value of the Common Stock on the date of vesting of the Restricted Stock is less than the fair market value on July 31, 1995, the Company shall make an aggregate payment to Mr. Melrose of the difference between the fair market value on the date of vesting of the Restricted Stock and the fair market value on July 31, 1995. Fair market value shall mean the closing price of the Common Stock on the New York Stock Exchange as reported in The Wall Street Journal.

b. GRANT OF PERFORMANCE UNITS AND ANNUITY PURCHASE. Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants to Mr. Melrose performance units equal to the number of whole shares of Common Stock having an aggregate fair market value of $500,000 on July 31, 1995 (the "Performance Units"), which Performance Units shall be subject to forfeiture or reduction in the event the Performance Goals set forth in the Plan and in Subsection 2.a.i(A) hereof are not achieved and to the other terms and conditions of the Plan and this Agreement. Each Performance Unit shall have a value equal to the fair market value of one share of Common Stock, from time to time, provided however that the value shall not be less than the fair market value of one share of Common Stock on July 31, 1995. Performance Units shall be evidenced by this Agreement. An amount equal to the aggregate value of the Performance Units remaining at the date of Mr. Melrose's retirement, after forfeiture, if any, shall be utilized by the Company to purchase a retirement annuity payable to Mr. Melrose until his 75th birthday, or to his estate or beneficiaries, and for no other purpose, subject to the condition that Mr. Melrose enter into and comply with the terms and conditions of a noncompetition agreement, in accordance with Subsections 1.c. and 2.b. hereof.

c. POST-RETIREMENT CONSULTING AND NONCOMPETITION AGREEMENT. Subject to the terms and conditions of the Plan and this Agreement, the Company shall enter into a post-retirement consulting and noncompetition agreement with Mr. Melrose, providing for the payment of an aggregate amount of up to $500,000, which amount shall be adjusted not less than once annually to reflect increases in the consumer price index and which may be utilized to pay expenses of office and support services for Mr. Melrose for a period of five years following the date of his retirement.

2. TERMS, CONDITIONS AND RESTRICTIONS.

a. RESTRICTED STOCK AND PERFORMANCE UNIT PERFORMANCE GOAL RESTRICTIONS. The obligation of the Company to deliver certificates representing the Restricted Stock granted hereunder and to utilize the aggregate value of the Performance Units to purchase a retirement annuity shall be subject to the terms, conditions and restrictions set forth in this Subsection 2.a.

i. VESTING OF RESTRICTED STOCK AND PERFORMANCE UNITS. Mr. Melrose's right to receive the Restricted Stock and the value of the Performance Units shall be subject to the vesting requirements set forth in this Subsection 2.a.i. and to the achievement by Mr. Melrose of the Performance Goals set forth in Subsection 2.a.i.(A) hereof not later than the last day of the period specified to achieve such performance (the "Restricted Period"). Upon achievement of a Performance Goal within an applicable Restricted Period, the restrictions shall lapse with respect to the specified portion of Restricted Stock, which specified portion shall vest and become nonforfeitable. Upon achievement of a Performance Goal within an applicable Restricted Period, the restrictions shall lapse with respect to the specified portion of Performance Units, which specified portion shall vest and become nonforfeitable, subject to the further condition that Mr. Melrose enter into and comply with the terms and conditions of a noncompetition agreement in accordance with Subsections 1.c and 2.b. If Mr. Melrose does not enter into a noncompetition agreement or does not comply with the terms and conditions of such a noncompetition agreement, then Mr. Melrose shall forfeit the value of the Performance Units or, if a retirement annuity has been acquired by the Company, the retirement annuity.

(A) The following table sets forth the Performance Goals, the schedule for achievement of each Performance Goal and the portion of Restricted Stock and Performance Units in which rights vest upon such achievement.

Performance Goal to be Achieved	Restricted Period (July 31, 1995 through earlier of date shown or Goal Achievement)	Portion of Shares of Restricted Stock to Vest Upon Achievement	Portion of Performance Units to Vest Upon Achievement
Goal 1: CEO and senior management succession plan developed and progress towards fulfillment of the plan, approved by Board of Directors	October 31, 1999	15%	15%

Goal 2: Potential CEO successor identified with approval of Board of Directors and continued development of senior management team	October 31, 2000	15%	15%
Goal 3: CEO successor who was identified and developed by Mr. Melrose is elected as CEO by Board of Directors	October 31, 2005	70%	70%

(B) Early Selection of Successor. Notwithstanding any other provision of the Plan, in the event that the Board of Directors elects as Mr. Melrose's successor the individual identified and developed by Mr. Melrose, and such successor is in place as chief executive officer of the Company and Mr. Melrose elects to retire prior to the last day of the final Restricted Period, but no earlier than July 31, 1997, all Restricted Stock and Performance Units shall vest in full and become nonforfeitable, subject to the condition with respect to the Performance Units that Mr. Melrose enter into and comply with the terms and conditions of a noncompetition agreement in accordance with Subsection 2.b.

(C) The Special CEO Succession Subcommittee of the Compensation Committee of the Board of Directors (the "Committee") shall be responsible for certifying in writing to the Company that an applicable Performance Goal has been met by Mr. Melrose prior to release and delivery of certificates representing the shares of Restricted Stock or payment of the value of Performance Units for the purchase of a retirement annuity to Mr. Melrose.

(D) The terms of this Agreement are not intended to, and do not, impose on Mr. Melrose a mandatory retirement date not otherwise applicable to employees of the Company generally, and Mr. Melrose shall not be obligated to retire as an officer of the Company in order to obtain the benefits of this Agreement.

ii. LIMITS ON TRANSFER OF RESTRICTED STOCK AND PERFORMANCE UNITS. Shares of the Restricted Stock which have not vested in accordance with the provisions of Subsection 2.a.i. hereof may not be sold, transferred, pledged, assigned or otherwise encumbered. Performance Units may not be sold, transferred, pledged, assigned or otherwise encumbered at any time and the value of Performance Units may be utilized only for the purpose of purchasing the retirement annuity referred to the Subsection 1.b. hereof.

iii. TERMINATION, DEATH OR DISABILITY. In the event that the Board of Directors terminates Mr. Melrose's employment other than for cause (as defined in Subsection 2.c. hereof) and elects as Mr. Melrose's successor a chief executive officer who was identified and developed by Mr. Melrose, or in the event of the termination of Mr. Melrose's employment due to his death or disability, then all shares of Restricted Stock and Performance Units shall automatically vest in full, notwithstanding that Mr. Melrose does not enter into a noncompetition agreement in accordance with Subsections 1.c. and 2.b., and shall become nonforfeitable in the fiscal year following the year of the date of such event, and on the first day that such vesting would not cause the compensation to be deemed compensation with respect to the prior fiscal year.

b. POST-RETIREMENT CONSULTING AND NONCOMPETITION AGREEMENT. The Company's agreement to pay any amount in connection with post-retirement consulting services to be provided by Mr. Melrose and its payment of the value of Performance Units for the purchase of a retirement annuity payable to Mr. Melrose pursuant to Subsection 1.b. shall be subject to and in consideration of Mr. Melrose's execution of an agreement not to compete with the Company by serving as an employee or member of the board of directors of or consultant to Rainbird, Jacobson or John Deere, or any successor thereof or similar competitor of the Company for a period of five years following the date of Mr. Melrose's retirement as Chief Executive Officer. The Company's agreement to pay any amount in connection with post-retirement consulting services to be provided by Mr. Melrose shall be subject to his agreement to provide consulting services to the Company for a period of five years following the date of his retirement; provided however that Mr. Melrose may elect to terminate the consulting agreement, but not the agreement not to compete, in which event any balance of the $500,000 amount referred to in Subsection 1.c. not then expended for Mr. Melrose's benefit shall be paid to Mr. Melrose over the remainder of the five year period. Mr. Melrose shall not have any right to receive payments pursuant to Subsection 1.c. or this Subsection 2.b. until and unless he shall have executed an agreement not to compete with the Company and delivered a fully executed copy thereof to the Company, and otherwise complied with the then applicable terms and conditions of the Plan, except as provided in Subsection 2.a.iii.

c. TERMINATION OF EMPLOYMENT. Except as otherwise provided by Subsection 2.a. hereof, if Mr. Melrose resigns his employment with the Company or if his employment is terminated by the Board of Directors for cause during any Restricted Period, all shares of Restricted Stock and all Performance Units then subject to restrictions and all other rights under this Plan shall be forfeited by Mr. Melrose and the Restricted Stock shall be reacquired by the Company. For purposes of this Agreement, "Cause" shall mean: (i) the willful and continued failure of Mr. Melrose to perform substantially his duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Mr. Melrose by the Board of Directors of the Company which specifically identifies the manner in which the Board of Directors believes that Mr. Melrose has not substantially performed his duties, or (ii) the willful engaging by Mr. Melrose in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of Mr. Melrose, shall be considered "willful" unless it is done, or omitted to be done, by Mr. Melrose in bad faith or without reasonable belief that Mr. Melrose's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board of Directors or upon the instructions of a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Mr. Melrose in good faith and in the best interests of the Company. The cessation of employment of Mr. Melrose shall not be deemed to be for Cause unless and until there shall have been delivered to Mr. Melrose a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the entire membership of the Board at a meeting of the Board of Directors called and held for such purpose (after reasonable notice is provided to Mr. Melrose and Mr. Melrose is given an opportunity, together with counsel, to be heard before the Board of Directors), finding that, in the good faith opinion of the Board of Directors, Mr. Melrose is guilty of the conduct described in Subsection 2.c.(i) or (ii) above, and specifying the particulars thereof in detail.

d. STOCK CERTIFICATES.

i. ISSUANCE. The Company shall issue a stock certificate or certificates representing the shares of Restricted Stock granted hereunder. Such certificates shall be registered in Mr. Melrose's name and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to the grant, substantially in the following form:

> The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Chief Executive Officer Succession Incentive Plan and an agreement entered into between the registered owner and The Toro Company. Copies of the plan and agreement are on file in the offices of The Toro Company, 8111 Lyndale Avenue South, Bloomington, Minnesota 55420.

ii. ESCROW. Certificates representing the Restricted Stock shall be physically held by the Company or its nominee during any Restricted Period, and the Company may require, as a condition of the grant, that Mr. Melrose shall have delivered a stock power, endorsed in blank, with respect to any shares of the Restricted Stock. Upon the achievement of the Performance Goals with respect to any shares of Restricted Stock, as certified to by the Committee, the Company shall cause the certificate representing such shares of Restricted Stock to be removed from escrow and delivered to the Company for reissuance and delivery of Common Stock in the name of Mr. Melrose. If any shares of Restricted Stock are to be forfeited, certificates representing such shares shall be delivered to the Company for reissuance in its name or cancellation and Mr. Melrose shall have no further interest in such stock.

iii. LAPSE OF RESTRICTIONS. When the Performance Goals set forth in Subsection 2.a.i.(A) have been achieved with respect to any portion of the shares of the Restricted Stock, the Company shall deliver to Mr. Melrose or his legal representative, beneficiary or heir not later than 60 days thereafter a certificate or certificates representing the Common Stock without the legend referred to in Subsection 2.d.i. hereof. The number of shares of Common Stock to be released shall be the same number as to which the Performance Goals have been achieved in accordance with Subsection 2.a.i.(A).

e. RIGHTS AS STOCKHOLDER.

i. RIGHT TO VOTE AND DIVIDENDS. Except as provided in Section 1 and this Section 2, Mr. Melrose shall have, with respect to the shares of Restricted Stock, all of the rights of a stockholder of the Company, including the right to vote the shares and the right to receive cash dividends with respect to the shares.

ii. ADJUSTMENTS. In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure affecting the Common Stock, the Committee shall make such substitution or adjustment in the aggregate number of shares of Common Stock reserved for issuance hereunder or in the number of shares outstanding as Restricted Stock or in the number of Performance Units, as may be determined to be appropriate by the Committee, acting in its sole discretion, provided that the number of shares or Performance Units shall always be a whole number.

f. CHANGE IN CONTROL. In the event of a Change of Control of the Company as hereinafter defined, whether or not approved by the Board of Directors, all shares of Restricted Stock shall immediately fully vest and be freely transferable.

Change of Control means:

i. 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 15% or more of either (A) the then-outstanding shares of Common Stock of the Company (the "Outstanding Company Common Stock") or (B) 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 i., the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition by any corporation pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection iii. of this Subsection 2.f.; or

ii. Individuals who, as of the date hereof, constitute the Board of Directors of the Company (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 though such individual were 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

iii. 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, (A) 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 which 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, (B) 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, 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 (C) 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

iv. Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

3. WITHHOLDING TAXES. The Company shall have the right to deduct from any settlement made hereunder any federal, state or local taxes of any kind, including FICA and related taxes, required by law to be withheld with respect to the vesting of rights to receive or payment of remuneration or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. If Common Stock is withheld or surrendered to satisfy tax withholding, such stock shall be valued at its fair market value as of the date such Common Stock is withheld or surrendered or the obligation to pay such taxes becomes fixed.

4. REGISTRATION RIGHTS. Mr. Melrose shall have the right to require that the Company promptly take all necessary steps to register or qualify the Restricted Stock, or Common Stock issued upon vesting of the Restricted Stock, under the Securities Act of 1933, as amended, and the securities laws of such states as Mr. Melrose may reasonably request. The Company shall keep effective and maintain any registration, qualification, notification or approval for such period as is reasonably necessary for Mr. Melrose to dispose of the Restricted Stock or Common Stock and from time to time shall amend or supplement the prospectus used in connection therewith to the extent necessary in order to comply with applicable law. The Company shall bear all fees, costs and expenses of such registration, qualification, notification or approval.

5. COMPLIANCE WITH RULE 16B-3 AND SECTION 162(m). The grants of Restricted Stock and Performance Units made under this Agreement and the remuneration to be paid to Mr. Melrose as a consequence of the grants are intended to comply with all applicable conditions of Rule 16b-3 under the Securities Exchange Act of 1934 and to avoid the loss of the deduction referred to in paragraph (1) of Section 162(m) of the Internal Revenue Code of 1986, as amended.

6. EMPLOYMENT. Nothing in this Agreement shall interfere with or limit in any way the right of the Company to terminate Mr. Melrose's employment at any time, with the Company or any subsidiary of the Company, or shall confer upon Mr. Melrose any right to continue in the employ of the Company.

7. NONEXCLUSIVITY OF THE PLAN. Neither the adoption of the Plan by the Board nor the submission of the Plan to stockholders for approval shall be construed to limit the power of the Board or the Committee to adopt such other incentive arrangements as either may deem desirable, including without limitation, the award of stock and cash awards otherwise than under the Plan, or to set compensation and retirement benefits and make such awards to Mr. Melrose as either may deem desirable.

8. EXCLUSION FROM PENSION, PROFIT SHARING AND OTHER BENEFIT CALCULATIONS. By acceptance of the award made by this Agreement, Mr. Melrose agrees that the award or vesting of Restricted Stock and Performance Units constitute special incentive compensation that is not taken into account as "salary" or "compensation" or "bonus" in determining the amount of any payment under any pension, retirement or profit sharing plan of the Company or any subsidiary. Mr. Melrose agrees further that such award shall not be taken into account in determining the amount of any life insurance coverage, short or long-term disability coverage or any other pay-based benefit provided by the Company or any subsidiary.

9. AMENDMENT. This Agreement may be amended, modified or terminated from time to time, provided however that no amendment may be adopted without the approval of the stockholders of the Company if such amendment requires stockholder approval pursuant to Rule 16b-3 or Section 162(m), and no amendment, modification or termination may be adopted without the written agreement of Mr. Melrose if such amendment, modification or termination would adversely affect his rights. Subject to the foregoing and the requirements of Section 162(m), the Board may, in accordance with the recommendation of the Committee and without further action on the part of stockholders of the Company or the consent of Mr. Melrose, amend the Agreement to preserve the employer deduction under Section 162(m).

10. GOVERNING LAW. This Agreement and the awards granted hereunder shall be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, without giving effect to principles of conflicts of laws.

11. SUCCESSORS. Except as otherwise provided in this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns and Mr. Melrose, his beneficiaries, heirs, executors, administrators and legal representatives.

IN WITNESS WHEREOF, the Agreement has been executed and delivered by the Company as of the 18th day of July, 2002.

THE TORO COMPANY

/s/ J. Lawrence McIntyre

Title: Vice President & Secretary

I hereby agree to the terms and conditions of this Chief Executive Officer Succession Incentive Award Agreement, as amended.

KENDRICK B. MELROSE

/s/ Kendrick B. Melrose

EXHIBIT 99.1

STATEMENT UNDER OATH OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER REGARDING FACTS AND CIRCUMSTANCES RELATING TO EXCHANGE ACT FILINGS

I, Kendrick B. Melrose, state and attest that:

(1) To the best of my knowledge, based upon a review of the covered reports of The Toro Company, and, except as corrected or supplemented in a subsequent covered report:

- no covered report contained an untrue statement of a material fact as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed); and

- no covered report omitted to state a material fact necessary to make the statements in the covered report, in light of the circumstances under which they were made, not misleading as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed).

(2) I have reviewed the contents of this statement with The Toro Company's audit committee.

(3) In this statement under oath, each of the following, if filed on or before the date of this statement, is a "covered report":

- Annual Report on Form 10-K for the Fiscal Year Ended October 31, 2001 of The Toro Company;

- all reports on Form 10-Q, all reports on Form 8-K and all definitive proxy materials of The Toro Company filed with the Commission subsequent to the filing of the Form 10-K identified above; and

- any amendments to any of the foregoing.

/s/ Kendrick B. Melrose

Kendrick B. Melrose
Principal Executive Officer
September 10, 2002

Subscribed and sworn to before me this 10th day of September, 2002.

/s/ J. Lawrence McIntyre

Notary Public
My commission Expires:
1/31/2005

EXHIBIT 99.2

STATEMENT UNDER OATH OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER REGARDING FACTS AND CIRCUMSTANCES RELATING TO EXCHANGE ACT FILINGS

I, Stephen P. Wolfe, state and attest that:

(1) To the best of my knowledge, based upon a review of the covered reports of The Toro Company, and, except as corrected or supplemented in a subsequent covered report:

- no covered report contained an untrue statement of a material fact as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed); and

- no covered report omitted to state a material fact necessary to make the statements in the covered report, in light of the circumstances under which they were made, not misleading as of the end of the period covered by such report (or in the case of a report on Form 8-K or definitive proxy materials, as of the date on which it was filed).

(2) I have reviewed the contents of this statement with The Toro Company's audit committee.

(3) In this statement under oath, each of the following, if filed on or before the date of this statement, is a "covered report":

- Annual Report on Form 10-K for the Fiscal Year Ended October 31, 2001 of The Toro Company;

- all reports on Form 10-Q, all reports on Form 8-K and all definitive proxy materials of The Toro Company filed with the Commission subsequent to the filing of the Form 10-K identified above; and

- any amendments to any of the foregoing.

/s/ Stephen P. Wolfe

Stephen P. Wolfe
Principal Financial Officer
September 10, 2002

Subscribed and sworn to before me this 10th day of September, 2002.

/s/ J. Lawrence McIntyre

Notary Public
My commission Expires: 1/31/2005

Exhibit 99.3

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 ending August 2, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kendrick B. Melrose, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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/ Kendrick B. Melrose

Kendrick B. Melrose
Chairman and Chief Executive Officer
September 13, 2002

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.

Exhibit 99.4

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 ending August 2, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Wolfe, Vice President-Finance, 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:

(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/ Stephen P. Wolfe
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Stephen P. Wolfe
Vice President-Finance,
Treasurer and Chief Financial Officer
September 13, 2002

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.