

TORO CO  
Form DEF 14A  
February 05, 2019  
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12  
The Toro Company

(Name of registrant as specified in its charter)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

The Toro Company

NOTICE OF 2019

ANNUAL MEETING AND

PROXY STATEMENT

FOR MARCH 19, 2019



Table of Contents

TABLE OF CONTENTS

<u>LETTER TO SHAREHOLDERS</u>	iii
<u>NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS</u>	v
<u>EXECUTIVE SUMMARY</u>	vii
<u>PROXY STATEMENT</u>	1
<u>GENERAL INFORMATION ABOUT THE 2019 ANNUAL MEETING AND VOTING</u>	1
<u>Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on Tuesday, March 19, 2019</u>	1
<u>When and Where Will the Annual Meeting Be Held?</u>	1
<u>What Are the Purposes of the Annual Meeting?</u>	1
<u>Are There Any Matters To Be Voted On at the Annual Meeting that Are Not Included in this Proxy Statement?</u>	1
<u>Who Is Entitled to Vote and How Many Shares Must Be Present to Hold the Annual Meeting?</u>	1
<u>How Do I Vote My Shares?</u>	2
<u>How Does the Board Recommend that I Vote and What Vote is Required for Each Proposal?</u>	2
<u>How Will My Shares Be Voted?</u>	3
<u>What Does It Mean If I Receive More Than One Notice or Set of Proxy Materials?</u>	3
<u>How Can I Revoke or Change My Vote?</u>	3
<u>Who Will Count the Votes?</u>	4
<u>How Will Business Be Conducted at the Annual Meeting?</u>	4
<u>How Can I Attend the Annual Meeting?</u>	4
<u>PROPOSAL ONE—ELECTION OF DIRECTORS</u>	5
<u>Number of Directors; Board Structure</u>	5
<u>Nominees for Director</u>	5
<u>Board Recommendation</u>	5
<u>Information About Director Nominees and Continuing Directors</u>	6
<u>CORPORATE GOVERNANCE</u>	13
<u>Corporate Governance Guidelines</u>	13
<u>Board Leadership Structure</u>	13
<u>Director Independence</u>	14
<u>Director Attendance; Executive Sessions</u>	14
<u>Board Committees</u>	15
<u>Board’s Role in Risk Oversight</u>	17
<u>Executive Compensation Process</u>	18
<u>Director Nomination and Refreshment Process</u>	19
<u>Director Compensation</u>	20
<u>Related Person Transactions and Policies and Procedures Regarding Related Person Transactions</u>	23
<u>Board of Directors Business Ethics Policy Statement</u>	23
<u>Code of Conduct and Code of Ethics for our CEO and Senior Financial Personnel</u>	23
<u>Communications with Directors; Complaint Procedures</u>	24
<u>PROPOSAL TWO—RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	25
<u>Selection of Independent Registered Public Accounting Firm</u>	25
<u>Audit, Audit-Related, Tax and Other Fees</u>	25
<u>Pre-Approval Policies and Procedures</u>	25
<u>Board Recommendation</u>	25
<u>Audit Committee Report</u>	26



Table of Contents

<u>PROPOSAL THREE—ADVISORY APPROVAL OF OUR EXECUTIVE COMPENSATION</u>	27
<u>Board Recommendation</u>	28
<u>EXECUTIVE COMPENSATION</u>	29
<u>Compensation &amp; Human Resources Committee Report</u>	29
<u>Compensation Discussion and Analysis</u>	29
<u>Assessment of Risk Related to Compensation Programs</u>	43
<u>Summary Compensation Table</u>	44
<u>All Other Compensation for Fiscal 2018</u>	45
<u>Grants of Plan-Based Awards for Fiscal 2018</u>	46
<u>Outstanding Equity Awards at Fiscal Year-End for 2018</u>	48
<u>Option Exercises and Stock Vested for Fiscal 2018</u>	49
<u>Nonqualified Deferred Compensation for Fiscal 2018</u>	50
<u>Potential Payments Upon Termination or Change In Control</u>	53
<u>Pay Ratio Disclosure</u>	58
<u>STOCK OWNERSHIP</u>	59
<u>Significant Beneficial Owners</u>	59
<u>Directors and Executive Officers</u>	60
<u>Stock Ownership Guidelines</u>	62
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	62
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	62
<u>OTHER INFORMATION</u>	63
<u>Shareholder Proposals and Director Nominations for the 2020 Annual Meeting</u>	63
<u>Householding of Annual Meeting Materials</u>	63
<u>Annual Report</u>	63
<u>Cost and Method of Solicitation</u>	64

## NOTE ABOUT FORWARD LOOKING STATEMENTS

Certain statements in this proxy statement are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act, and are subject to the safe harbor created by those sections. Forward-looking statements are based on our current expectations of future events, and are generally identified by words such as “expect,” “strive,” “looking ahead,” “outlook,” “guidance,” “forecast,” “goal,” “optimistic,” “anticipate,” “continue,” “plan,” “estimate,” “project,” “believe,” “should,” “could,” “will,” “would,” “possible,” “may,” “likely,” “intend,” “can,” “seek,” “potential,” “pro forma,” or the negative thereof and similar expressions or future dates. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or implied. The most significant factors known to us that could materially adversely affect our business, reputation, operations, industry, financial position, or future financial performance are described in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on December 22, 2018, in Part I, Item 1A, “Risk Factors.” You should not place undue reliance on any forward-looking statement, which speaks only as of the date made, and should recognize that forward-looking statements are predictions of future results, which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described in our Annual Report on Form 10-K, including in Part I, Item 1A, “Risk Factors,” as well as others that we may consider immaterial or do not anticipate at this time. The risks and uncertainties described in our Annual Report on Form 10-K are not exclusive and further information concerning our company and our businesses, including factors that potentially could materially affect our operating results or financial condition,

may emerge from time to time. We make no commitment to revise or update any forward-looking statements in order to reflect actual results, events or circumstances occurring or existing after the date any forward-looking statement is made or changes in factors or assumptions affecting such forward-looking statements. We advise you, however, to consult any further disclosures we make on related subjects in our future Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K that we file with or furnish to the SEC.

ii

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Table of Contents

Worldwide Headquarters  
8111 Lyndale Avenue South  
Bloomington, MN 55420-1196  
952-888-8801

February 5, 2019

Dear Fellow Shareholders:

It is my pleasure to invite you to join us for The Toro Company 2019 Annual Meeting of Shareholders to be held on Tuesday, March 19, 2019, at 1:30 p.m., Central Daylight Time, at our worldwide headquarters in Bloomington, Minnesota.

Details about the annual meeting, nominees for election to the Board of Directors and other matters to be acted on at the annual meeting are presented in the notice and proxy statement that follow. Information regarding admission to the meeting, or listening to a live, audio webcast of the meeting if you are unable to attend in person, can be found on page 4 of the proxy statement.

It is important that your shares be represented at the annual meeting, regardless of the number of shares you hold and whether or not you plan to attend the meeting in person. Accordingly, please exercise your right to vote by following the instructions for voting contained in the Notice Regarding the Availability of Proxy Materials, or the paper or electronic copy of our proxy materials you received for the meeting.

On behalf of your Toro Board of Directors and Management, thank you for your continued interest in and support for our Company.

Sincerely,

RICHARD M. OLSON  
Chairman of the Board, President and CEO

You can help us make a difference by eliminating paper proxy mailings. With your consent, we will provide all future proxy materials electronically. Instructions for consenting to electronic delivery can be found on your proxy card or at [www.proxyvote.com](http://www.proxyvote.com). Your consent to receive shareholder materials electronically will remain in effect until canceled.

iii

---

Table of Contents

iv

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Table of Contents

NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS

Date: Tuesday, March 19, 2019

Time: 1:30 p.m., Central Daylight Time

Location: 8111 Lyndale Avenue South, Bloomington, Minnesota, 55420-1196

Webcast: [www.thetorocompany.com](http://www.thetorocompany.com)

- Agenda:
1. To elect as directors the four nominees named in the attached proxy statement, each to serve for a term of three years ending at the 2022 Annual Meeting of Shareholders;
  2. To ratify the selection of KPMG LLP as our independent registered public accounting firm for our fiscal year ending October 31, 2019;
  3. To approve, on an advisory basis, our executive compensation; and
  4. To transact any other business properly brought before the annual meeting or any adjournment or postponement of the annual meeting.

We currently are not aware of any other business to be brought before the annual meeting. Shareholders of record at the close of business on January 22, 2019, the record date, will be entitled to vote at the annual meeting or at any adjournment or postponement of the annual meeting. A shareholder list will be available at our corporate offices beginning March 8, 2019, during our normal business hours for examination by any shareholder registered on our stock ledger as of the record date for any purpose germane to the annual meeting.

Your vote is important. A majority of the outstanding shares of our common stock must be represented either in person or by proxy to constitute a quorum for the conduct of business. Please promptly vote your shares by following the instructions for voting contained in the Notice Regarding the Availability of Proxy Materials or, if you received a paper or electronic copy of our proxy materials, by completing, signing, dating and returning your proxy card or by Internet, telephone or mobile device voting as described on your proxy card.

February 5, 2019

BY ORDER OF THE BOARD OF DIRECTORS

TIMOTHY P. DORDELL

Vice President, Secretary and General Counsel

Table of Contents

vi

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Table of Contents**EXECUTIVE SUMMARY**

## Business Overview

The Toro Company is a leading worldwide provider of innovative solutions for the outdoor environment, including professional turf maintenance equipment and services, turf irrigation systems, landscaping equipment and lighting products, snow and ice management products, agricultural irrigation systems, rental and specialty construction equipment, and residential yard and snow thrower products. Through a strong network of professional distributors, dealers and retailers in more than 125 countries, we proudly offer a wide range of products across a family of global brands to help customers care for golf courses, landscapes, sports fields, public green spaces, commercial and residential properties and agricultural fields.

OUR PURPOSE	OUR VISION	OUR MISSION
To help our customers enrich the beauty, productivity and sustainability of the land.	To be the most trusted leader in solutions for the outdoor environment. Every day. Everywhere.	To deliver superior innovation and to deliver superior customer care.

**OUR GUIDING PRINCIPLES**

The Toro Company's success is founded on a long history of caring relationships based on trust and integrity. These relationships are the foundation on which we build market leadership with the best in innovative products and solutions to make outdoor environments beautiful, productive, and sustainable. We are entrusted to strengthen this legacy of excellence.

## Quick Facts About The Toro Company

Founded	Fiscal 2018 Net Sales	Worldwide Headquarters
1914	\$2.6 billion	Bloomington, Minnesota, USA

Fiscal 2018 Net Earnings	Fiscal 2018 Net Sales	Fiscal 2018 % Net Sales
\$272 million	U.S.A. – 75%	from New Products
	International – 25%	37%

Fiscal 2018 Products	Fiscal 2018 Segments	Manufacturing Locations
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Equipment – 84%	Professional – 74%	U.S.A. – 8
Irrigation/Lighting – 16%	Residential – 25%	International – 9
	Other – 1%	

The Toro Company’s Commitment to Corporate Responsibility

We seek to improve our energy efficiency and reduce the environmental footprint of our global manufacturing facilities.	Our values-based culture governs how our people conduct business, interact with each other, and support our customers.	We were founded on an unwavering conviction to conduct business according to the highest standards of ethical behavior.
We believe that along with our industry leadership and financial success comes a responsibility to give back to the communities in which our employees live and work.	As we strive to attract and retain the very best employees, we are committed to fostering an atmosphere that embraces diversity and supports Toro’s programs and policies related to equal opportunity.	We are committed to developing innovative and safe products that yield performance, productivity and environmental benefits for our customers.

Table of Contents

## 2019 Annual Meeting of Shareholders

Date and Time	Location	Record Date
Tuesday, March 19, 2019 1:30 p.m. CDT	Worldwide Headquarters 8111 Lyndale Avenue South Bloomington, Minnesota	January 22, 2019

## Meeting Agenda Voting Matters and Recommendations

Proposal One	FOR	Page 5
To elect as directors the four nominees named in this proxy statement, each to serve for a term of three years ending at the 2022 Annual Meeting of Shareholders.	each nominee	
Proposal Two	FOR	Page 25
To ratify the selection of KPMG LLP as our independent registered public accounting firm for our fiscal year ending October 31, 2019.		
Proposal Three	FOR	Page 27
To approve, on an advisory basis, our executive compensation.		
How to Cast Your Vote		

Your vote is important! Please vote your shares promptly using one of the methods listed below. See page 2 for additional voting information.

By Internet	By Phone	By Mobile Device	By Mail	In Person
Go to <a href="http://www.proxyvote.com">www.proxyvote.com</a>	Call 800-690-6903	Scan the QR code	Return your proxy card	Attend the meeting

## Corporate Governance Highlights

Our Board provides oversight of critical matters such as our strategic plans, financial and other controls, risk management, merger and acquisition related activities, and management succession planning. The Board reviews our major governance documents, policies and processes regularly and thoughtfully determines the structures that are appropriate for our Company at the time.

All directors are independent, other than CEO Robust lead director structure Regular executive sessions of independent directors Anti-hedging and anti-pledging policy for Toro common stock	Robust stock ownership guidelines for directors and executive officers Comprehensive strategy and risk oversight by the Board and its Committees Annual Board and Committee self-evaluations
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Codes of Conduct and Ethics for directors, executive officers and employees

Fiscal 2018 Board and Committee meeting attendance of 96%

Upon the election of all director nominees at the 2019 Annual Meeting of Shareholders, the Board will have the following composition:

Average Age	Average Tenure
59	8.5 years
New Directors in the Last 5 Years	% of Directors who are Diverse and/or Women
5	36%

Table of Contents

## Information About our Board of Directors

Name and Title	Director			Committee Memberships				Other Public Boards
	Age	Since	Independent	A	F	N	C	
<b>Director Nominees</b>								
Jeffrey L. Harmening Chairman and Chief Executive Officer, General Mills, Inc.	52	n/a	Yes					1
Joyce A. Mullen President, Global Channel, OEM and IoT, Dell Technologies	56	n/a	Yes					0
Richard M. Olson Chairman, President and Chief Executive Officer, The Toro Company	55	2016	No					0
James C. O'Rourke President and Chief Executive Officer, The Mosaic Company	58	2012	Yes					1
<b>Continuing Directors</b>								
Janet K. Cooper Retired Senior Vice President and Treasurer, Qwest Communications International Inc.	65	1994	Yes		*			2
Gary L. Ellis Retired Executive Vice President and Chief Financial Officer, Medtronic plc	62	2006	Yes				*	1
Jeffrey M. Ettinger Retired Chairman and Chief Executive Officer, Hormel Foods Corporation	60	2010	Yes					1
Katherine J. Harless Retired President and Chief Executive Officer, Idearc Inc.	67	2000	Yes					0
D. Christian Koch President and Chief Executive Officer, Carlisle Companies Incorporated	54	2016	Yes					1
Gregg W. Steinhafel Former Chairman, President and Chief Executive Officer, Target Corporation	64	1999	Yes					0
Michael G. Vale, Ph.D. Executive Vice President, Health Care Business Group, 3M Company	52	2018	Yes					0
<b>Retiring Directors</b>								
Robert C. Buhmaster – Lead Director Retired Chairman and Chief Executive Officer, Jostens, Inc.	71	1996	Yes					0

Christopher A. Twomey Retired Chairman and Chief Executive Officer, Arctic Cat Inc.	70	1998	Yes	0
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A: Audit    N: Nominating & Governance                    : Member\* : Audit Committee Financial Expert  
F: Finance   C: Compensation & Human Resources        : Chair

Table of Contents

Executive Compensation

Executive Compensation Program Objectives

Our executive compensation philosophy is to maintain a program that allows us to attract, retain, motivate and reward highly qualified and talented executive officers.

Align interests of executive officers with shareholder interests	Link pay to performance	Provide competitive target total direct compensation opportunities
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2018 Executive Compensation Summary

A significant portion of our executive officers' target total direct compensation is comprised of short- and long-term variable performance-based, or at risk, compensation to directly link their pay to performance. Short-term variable compensation is in the form of annual cash incentive awards. Long-term variable compensation is in the form of stock options that vest over three years and three-year performance share awards. For fiscal 2018:

**Highlights of What We Do and Don't Do:**

- We link a substantial portion of total executive compensation directly to performance and require that minimum, or threshold, levels of performance be met in order for there to be any payout.
- We utilize a mix of earnings, revenue and asset-based performance measures for our annual cash incentive awards and long-term performance share awards.
- We utilize three-year performance share awards, the payouts of which vary based on performance and are contingent upon the achievement of three-year performance goals.
- We utilize stock options, the value of which is contingent upon long-term stock price performance.
- We include clawback provisions within our annual cash incentive and long-term incentive awards.
- We do not have individual employment agreements with any executive officer
- We do not provide excessive perquisites.
- We do not provide gross-up payments to cover personal income taxes or excise taxes that pertain to executive or severance benefits.

Our fiscal 2018 financial performance resulted in the following:

Annual cash incentives were paid at 95.46% of target. Page 31

Three-year performance awards for the fiscal 2016 to fiscal 2018 performance period were paid at 118.03% of target. Page 32

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Table of Contents

THE TORO COMPANY

8111 Lyndale Avenue South

Bloomington, Minnesota 55420-1196

PROXY STATEMENT

2019 ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, MARCH 19, 2019

1:30 p.m. Central Daylight Time

The Toro Company Board of Directors is using this proxy statement to solicit your proxy for use at The Toro Company 2019 Annual Meeting of Shareholders. We intend to send a Notice Regarding the Availability of Proxy Materials for the annual meeting and make proxy materials available to shareholders (or for certain shareholders and for those who request, a paper copy of this proxy statement and the form of proxy) on or about February 5, 2019. Please note that references in this proxy statement to “Toro,” our “Company,” “we,” “us,” “our” and similar terms refer to The Toro Company.

**GENERAL INFORMATION ABOUT THE 2019 ANNUAL MEETING AND VOTING**

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on Tuesday, March 19, 2019.

This proxy statement and our 2018 Annual Report, which includes our Annual Report on Form 10-K for the fiscal year ended October 31, 2018, or fiscal 2018, are available at [www.thetorocompany.com/proxy](http://www.thetorocompany.com/proxy).

Pursuant to rules adopted by the SEC, we have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a Notice Regarding the Availability of Proxy Materials to some of our shareholders. Shareholders have the ability to access our proxy materials on the website referred to in the Notice Regarding the Availability of Proxy Materials ([www.proxyvote.com](http://www.proxyvote.com)) or request to receive a printed set of our proxy materials. Instructions on how to access our proxy materials over the Internet or request a printed copy of our proxy materials may be found in the Notice Regarding the Availability of Proxy Materials. In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis.

When and Where Will the Annual Meeting Be Held?

The annual meeting will be held on Tuesday, March 19, 2019, at 1:30 p.m., Central Daylight Time, at our worldwide headquarters located at 8111 Lyndale Avenue South, Bloomington, Minnesota, 55420-1196.

What Are the Purposes of the Annual Meeting?

The purposes of the 2019 Annual Meeting of Shareholders are to vote on the following items described in this proxy statement:

Proposal One Election of Directors

Proposal Two Ratification of Selection of Independent Registered Public Accounting Firm

Proposal Three Advisory Approval of our Executive Compensation

Are There Any Matters To Be Voted On at the Annual Meeting that Are Not Included in this Proxy Statement?

We currently are not aware of any business to be acted upon at the annual meeting other than as described in this proxy statement. If, however, other matters are properly brought before the annual meeting, or any adjournment or postponement of the annual meeting, your proxy includes discretionary authority on the part of the individuals appointed to vote your shares or act on those matters according to their best judgment.

Who Is Entitled to Vote and How Many Shares Must Be Present to Hold the Annual Meeting?

Shareholders of record at the close of business on January 22, 2019, the record date, will be entitled to vote at the annual meeting or any adjournment or postponement of the annual meeting. As of January 22, 2019, there were 106,131,655 outstanding shares of our common stock. Each share of our common stock is entitled to one vote on each matter to be voted on at the annual meeting. Shares of our common stock that are held by us in our treasury are not counted as outstanding shares and will not be voted.

Table of Contents

The presence, in person or represented by proxy, at the annual meeting of a majority of the outstanding shares of our common stock as of the record date will constitute a quorum for the transaction of business at the annual meeting. Your shares will be counted toward the quorum if you submit a proxy or vote at the annual meeting. Shares represented by proxies marked “abstain” and “broker non-votes” also are counted in determining whether a quorum is present.

How Do I Vote My Shares?

If your shares are registered in your name, you may vote your shares in person at the annual meeting or by one of the four following methods:

Vote by Internet	Go to <a href="http://www.proxyvote.com">www.proxyvote.com</a> and follow the instructions for Internet voting shown on your Notice Regarding the Availability of Proxy Materials or proxy card.
Vote by Telephone	Call 800-690-6903 and follow the instructions for telephone voting shown on your proxy card.
Vote by Mail	Complete, sign, date and mail your proxy card in the envelope provided if you received a paper copy of these proxy materials. If you vote by Internet, telephone or mobile device, please do not mail your proxy card.
Vote by Mobile Device	Scan the QR code on your Notice Regarding the Availability of Proxy Materials or proxy card and follow the links.

If you hold shares as a participant in certain Toro employee benefit plans, you may vote your shares by one of the four methods noted above. If your shares are held in “street name,” you may receive a separate voting instruction form with this proxy statement or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically using the Internet, telephone or mobile device.

How Does the Board Recommend that I Vote and What Vote is Required for Each Proposal?

Proposal	Board Recommendation	Available Voting Selections	Voting Approval Standard	Effect of Withhold or Abstention	Effect of Broker Non-Vote
1. Election of four directors, each to serve for a term of three years ending at the	FOR all four nominees	FOR all four nominees;  WITHHOLD from all	Plurality: the individuals who	Counted as a vote against	No effect



2022 Annual Meeting of  
Shareholders

four receive the  
nominees; greatest

or number of  
WITHHOLD votes cast  
from

“for” are  
one or more elected as  
nominees

directors<sup>(1)</sup>

2. Ratification of the FOR  
selection of KPMG LLP  
as our independent  
registered public  
accounting firm for our  
fiscal year ending  
October 31, 2019

FOR;  
AGAINST;

or ABSTAIN present  
and  
entitled

to vote

Majority Counted asNot  
of shares a  
applicable

vote  
against

3. Approval of, on an FOR  
advisory basis, our  
executive  
compensation<sup>(2)</sup>

FOR;  
AGAINST;

or ABSTAIN present  
and  
entitled

to vote

Majority Counted asNo effect  
of shares a

vote  
against

(1) Under our Amended and Restated Bylaws, if a majority of the votes of the shares present in person or represented by proxy at the annual meeting are designated to be “withheld” from a nominee for director in an uncontested election, that director must tender his or her resignation for consideration by our Nominating & Governance Committee. Our Nominating & Governance Committee then must evaluate the best interests of our Company and shareholders and recommend the action to be taken by the Board with respect to such tendered resignation.

(2) While an advisory vote, our Compensation & Human Resources Committee and Board expect to take into account the outcome of the vote when considering future executive compensation.

Table of Contents

How Will My Shares Be Voted?

How Your Shares are Held	How Your Shares will be Voted If Voted If You Specify How to Vote	How Your Shares will be Voted If You Do Not Specify How to Vote
Shares registered in your name	The named proxies will vote your shares	The named proxies will vote FOR all
Shares held in street name	as you direct Your broker will vote your shares as you direct	proposals Your broker may vote only on routine items in the absence of your instruction
Shares held in certain Toro employee benefit plans	The plan trustee will vote your shares confidentially as you direct	The plan trustee will vote your shares in the same proportion as the votes actually cast by participants

(1) If your shares are held in “street name” and you do not indicate how you wish to vote, under the New York Stock Exchange, or NYSE, rules, your broker is permitted to exercise its discretion to vote your shares only on certain “routine” matters. Proposal One—Election of Directors and Proposal Three—Advisory Approval of our Executive Compensation are not “routine” matters. Accordingly, if you do not direct your broker how to vote on those proposals, your broker may not exercise discretionary voting authority and may not vote your shares on these proposals. This is called a “broker non-vote” and although your shares will be considered to be represented by proxy

at the annual meeting, as discussed on page 2, they are not considered to be shares “entitled to vote” at the annual meeting and will not be counted as having been voted on the applicable proposal. Proposal Two—Ratification of Selection of Independent Registered Public Accounting Firm is a “routine” matter and your broker is permitted to exercise discretionary voting authority to vote your shares “for” or “against” the proposal in the absence of your instruction.

**What Does It Mean If I Receive More Than One Notice or Set of Proxy Materials?**

If you hold your shares in more than one account, you may receive multiple copies of the Notice Regarding the Availability of Proxy Materials and/or electronic or paper copies of our proxy materials. If you are a participant in the dividend reinvestment feature of our Direct Stock Purchase Plan, shares registered in your name are combined with shares you hold in that plan. Similarly, where possible, shares registered in your name are combined with shares you hold, if any, as a participant in certain Toro employee benefit plans. However, shares you hold in “street name” (through a broker, bank or other nominee) are not combined with shares registered in your name or held as a participant in Toro employee benefit plans. If you receive more than one Notice Regarding the Availability of Proxy Materials and/or electronic or paper copies of our proxy materials, you must vote separately for each notice, e-mail notification or proxy and/or voting instruction card having a unique control number to ensure that all of your shares are voted.

**How Can I Revoke or Change My Vote?**

You may revoke your proxy or change your vote at any time before your shares are voted at the annual meeting by one of the following methods:

**How Your Shares are Held Method to Revoke or Change Your Vote**

Shares registered in your name	<ul style="list-style-type: none"> <li>•Submit another proper proxy with a more recent date than that of the proxy first given by following the Internet, telephone or mobile device voting instructions or complete, sign, date and mail a proxy card;</li> <li>•Send written notice of revocation to our Vice President, Secretary and General Counsel; or</li> <li>•Attend the annual meeting in person and vote by ballot</li> </ul>
Shares held in street name	Follow instructions provided by your broker, bank or other nominee
Shares held in certain Toro employee benefit plans	Submit another proper proxy with a more recent date than that of the proxy first given by following the Internet, telephone or mobile device voting instructions or complete, sign, date and mail a proxy card

## Table of Contents

### Who Will Count the Votes?

Broadridge Financial Solutions, Inc. has been engaged to tabulate shareholder votes. An agent of Broadridge Financial Solutions, Inc. will act as our independent inspector of elections for the annual meeting.

### How Will Business Be Conducted at the Annual Meeting?

The presiding officer at the annual meeting will determine how business at the meeting will be conducted. Only nominations and other proposals brought before the annual meeting in accordance with the advance notice and information requirements of our Amended and Restated Bylaws will be considered, and no such nominations or other proposals were received.

### How Can I Attend the Annual Meeting?

We provide the opportunity for our shareholders to attend the annual meeting in person. Only registered shareholders of our common stock or beneficial shareholders holding shares in street name at the close of business on the record date (January 22, 2019), or their duly appointed proxies, may attend the annual meeting in person. Doors will open approximately fifteen minutes prior to the start of the annual meeting and will close once the meeting has started, at which time admission to the annual meeting will no longer be permitted. For admission to the meeting you may be asked to provide identification and establish proof of ownership. If you are a registered shareholder, your name may be verified against our list of registered shareholders. If you hold your shares in street name, please bring one of the following: an account statement showing your ownership as of the record date; a voting instruction form provided by your broker, trustee, bank or nominee holding your shares containing a valid control number; the Notice of Internet Availability of Proxy Materials that you received in the mail containing a valid control number; a copy of the email you received with instructions containing a link to the website where our proxy materials are available or a link to the proxy voting website and a valid control number; or a letter from a broker, trustee, bank or nominee holding your shares confirming your ownership as of the record date. If you are serving as a legal proxy, please bring a legal proxy containing a valid control number or a letter from a registered shareholder naming you as proxy. Rules governing the conduct of the annual meeting will be distributed at the annual meeting along with an agenda.

Shareholders unable to attend the annual meeting in person have the opportunity to listen to our live, audio-only webcast of the annual meeting. A link to the webcast may be found on our website at [www.thetorocompany.com](http://www.thetorocompany.com).

Table of Contents**PROPOSAL ONE—ELECTION OF DIRECTORS**

## Number of Directors; Board Structure

Our Restated Certificate of Incorporation provides that our Board of Directors may be comprised of between eight and twelve directors. Our Board currently is comprised of eleven directors. As provided in our Restated Certificate of Incorporation, our Board is divided into three staggered classes of directors of the same or nearly the same number, with each class elected in a different year for a term of three years. Our current directors and their respective current terms are as follows:

Current Term Ending at 2019 Annual Meeting	Current Term Ending at 2020 Annual Meeting	Current Term Ending at 2021 Annual Meeting
Robert C. Buhrmaster	Jeffrey M. Ettinger	Janet K. Cooper
Richard M. Olson	Katherine J. Harless	Gary L. Ellis
James C. O'Rourke	D. Christian Koch	Gregg W. Steinhafel
Christopher A. Twomey		Michael G. Vale

Mr. Buhrmaster and Mr. Twomey each attained the age of 70 during his current term and, in accordance with our Corporate Governance Guidelines, will retire from the Board at the expiration of such term at the 2019 Annual Meeting of Shareholders. Mr. Buhrmaster has served as a director of the Company for 22 years, and also served as our presiding non-management director, or Lead Independent Director, for 12 years and as Chair of the Nominating & Governance Committee for 8 years. Mr. Twomey has served as a director for 21 years, and also served as Chair of the Compensation & Human Resources Committee for 12 years. The Board wishes to thank Messrs. Buhrmaster and Twomey for their many years of dedicated service to the Company.

In light of these retirements, and if all director nominees are elected to the Board by our shareholders, the Board will continue to be comprised of eleven directors.

## Nominees for Director

The Board has nominated each of Jeffrey L. Harmening, Joyce A. Mullen, Richard M. Olson, and James C. O'Rourke for election to the Board to serve for a three-year term ending at the 2022 Annual Meeting of Shareholders. Each of Mr. Olson and Mr. O'Rourke is a current member of the Board. Neither Mr. Harmening nor Ms. Mullen is a current member of the Board. Each of the director nominees has consented to serve if elected. Proxies only can be voted for the number of persons named as nominees in this proxy statement, which is four.

If prior to the annual meeting the Board learns that any nominee will be unable to serve for any reason, the proxies that otherwise would have been voted for that nominee will be voted for a substitute nominee as selected by the Board. Alternatively, at the Board's discretion, the proxies may be voted for that fewer number of nominees as results from the inability of any nominee to serve. The Board has no reason to believe that any of the nominees will be unable to serve.

**The Board of Directors Recommends a Vote FOR Each Nominee for Director**

Table of Contents

Information About Director Nominees and Continuing Directors

The following pages provide information about each nominee for election to the Board at the annual meeting and each other member of the Board. We believe that all of our director nominees and continuing directors display:

- personal and professional integrity;
- appropriate levels of education and business experience;
- strong business acumen;
- an appropriate level of understanding of our business, industry and other industries relevant to our business;
- the ability and willingness to devote adequate time to the work of our Board and its committees;
- a fit of skills and personality with those of our other directors that helps build a Board that is effective, collegial and responsive to the needs of our Company;
- strategic thinking and a willingness to share ideas;
- a diversity of experiences, expertise and background; and
- the ability to represent the interests of all of our shareholders.

All of our directors and director nominees bring to our Board a wealth of executive leadership experience, particularly at companies with international manufacturing operations. The following chart summarizes each director and director nominee’s key qualifications, experience and skills.

Experience as an Executive Leader in the Following Areas:	Janet Cooper	Gary Jeffrey Ellis	Katherine Jeffrey Harless	Jeffrey Harmening	D. Christian Koch	Joyce Mullen	Richard Olson	James O'Rourke	Gregg Steinhafel	Michael Vale
Current/Former CEO										
Finance/Financial Oversight										
Public Company Board (other than Toro)										
Distribution Channel										
Manufacturing/Supply Chain										
Mergers & Acquisitions										
International Sales and/or Operations										
Strategic Planning										

The information presented on the following pages regarding each director nominee or continuing director also sets forth specific experience, qualifications, attributes and skills that led our Board to conclude that he or she should serve as a director in light of our business and structure.

Table of Contents

Director Nominees for Election to the Board for a Term Ending at the 2022 Annual Meeting

<p>Jeffrey L. Harmening Age 52 Director Nominee Independent Committees Not applicable</p>	<p>Background Jeffrey L. Harmening is the Chairman and Chief Executive Officer of General Mills, Inc., Minneapolis, Minnesota (a global manufacturer, marketer and supplier of food products). He holds or has held the following positions, all at General Mills:</p> <ul style="list-style-type: none"> <li>• Chairman and Chief Executive Officer (since January 2018)</li> <li>• Chief Executive Officer (June 2017 – January 2018)</li> <li>• President and Chief Operating Officer (July 2016 – May 2017)</li> <li>• Executive Vice President, Chief Operating Officer, U.S. Retail (May 2014 – June 2016)</li> <li>• Senior Vice President, Chief Executive Officer, Cereal Partners Worldwide (July 2012 – April 2014)</li> </ul> <p>Qualifications With over 20 years of service at General Mills in a variety of senior leadership roles across several business categories, including as its current Chief Executive Officer, Mr. Harmening brings to our Board experience as a seasoned executive with strong business acumen and experience implementing the strategic direction for a publicly traded company with extensive distribution channels and supply chain operations. Furthermore, he brings experience in driving</p>
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growth through offering customer-valued products and acquisitions. In addition, he has significant experience managing operations around the world, including having lived in Europe for six years during his tenure at General Mills.

Other Public Company Boards

Current Past 5 Years

General Mills, Inc. None

Joyce A. Mullen  
Age 56  
Director Nominee  
Independent

Background

Joyce A. Mullen is the President, Global Channel, OEM and IoT of Dell Technologies, Round Rock, Texas (a technology solutions company). She holds or has held the following positions, all at Dell:

- President, Global Channel, OEM and IoT (since November 2017)
- Senior Vice President and General Manager, Global OEM and IoT Solutions (February 2015 – November 2017)
- Vice President and General Manager, Global OEM Solutions (February 2012 – February 2015)
- Prior positions include vice



president-level leadership for sales operations, global strategy and planning, global alliances and services solutions

Ms. Mullen also spent 10 years in various leadership positions at Cummins Engine Company, including distribution, manufacturing and international business development.

Committees  
Not applicable

Qualifications  
Ms. Mullen brings to our Board significant executive leadership skills, technology and smart-connected products expertise, strategic and innovative thinking and strong international business experience. She also contributes substantial knowledge of worldwide manufacturing, distribution channels, and supply chain strategies, including improving efficiencies in manufacturing operations using Six Sigma, Kaizen, and Lean techniques.  
Other Public Company Boards  
Current Past 5 Years  
None None



Table of Contents

Richard M. Olson Age 55	<p>Background Richard M. Olson is our Chairman of the Board, President and Chief Executive Officer, and we generally refer to him in this proxy statement as our Chairman and CEO. He holds or has held the following positions, all at The Toro Company:</p> <ul style="list-style-type: none"><li>• Chairman (since November 2017)</li><li>• Chief Executive Officer (since November 2016)</li><li>• President (since September 2015)</li><li>• Chief Operating Officer (September 2015 – October 2016)</li><li>• Group Vice President, International Business, Micro Irrigation Business and Distributor Development (June 2014 – September 2015)</li><li>• Vice President, International Business (March 2013 – June 2014)</li></ul>
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	<ul style="list-style-type: none"><li>• Vice President, Exmark (March 2012 – March 2013)</li></ul>
Director since 2016	Qualifications
Committees	In his more than 32 years with our Company, Mr. Olson has developed and brings to our Board rich knowledge of the Company, including, in particular, our global businesses and operations, manufacturing processes, distribution and channel development, and product development strategies. In addition, the broad experience he has gained through his past leadership of our various businesses and manufacturing operations provides him with a unique perspective regarding our growth initiatives and strategic direction. He contributes a deep commitment to quality, innovation, ethical values and business conduct and focus on customer service. As a result of his
None	

dual role as  
Chairman and  
CEO, Mr. Olson  
provides unique  
insight into our  
Company's future  
strategies,  
opportunities and  
challenges and  
serves as a  
unifying element  
between our  
Board and  
Management.  
Other Public  
Company Boards  
Current Past 5  
Years  
None None

#### Background

James C. O'Rourke is the President and Chief Executive Officer of The Mosaic Company, Plymouth, Minnesota (a global producer and marketer of combined concentrated phosphate and potash crop nutrients for the global agriculture industry). He holds or has held the following positions, all at The Mosaic Company:

- President and Chief Executive Officer (since August 2015)
- Executive Vice President—Operations and Chief Operating Officer (August 2012 – August 2015)
- Executive Vice President—Operations (January 2009 – August 2012)

#### Qualifications

James C. O'Rourke  
Age 58

Mr. O'Rourke brings to our Board significant leadership skills,

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Director since 2012 strategic and innovative thinking  
Independent and strong international business  
Committees expertise. He also contributes  
• Compensation & substantial knowledge of  
Human Resources worldwide manufacturing,  
distribution and supply chain  
strategies and environmental,  
• Nominating & health and safety matters. In  
Governance addition, as a public company  
director and executive, Mr.  
O'Rourke contributes a solid  
understanding of executive  
compensation and corporate  
governance matters.

Other Public Company Boards

Current Past 5 Years

The Mosaic Company None

Table of Contents

Continuing Members of the Board – Current Term Ending at the 2020 Annual Meeting

Background

Jeffrey M. Ettinger retired from Hormel Foods Corporation, Austin, Minnesota (a multinational manufacturer and marketer of consumer-branded food and meat products). He held the following positions, all at Hormel Foods:

- Chairman of the Board (October 2016 – November 2017)
- Chairman of the Board and Chief Executive Officer (January 2006 – October 2016)
- President (July 2004 – October 2015)

Qualifications

Jeffrey M. Ettinger Age 60 Director since 2010 Independent Committees • Compensation & Human Resources  • Nominating & Governance	Mr. Ettinger brings to our Board strong business acumen, significant executive leadership attributes and relevant experience of driving growth through innovation and strategic acquisitions. Mr. Ettinger provides relevant insight and guidance with respect to numerous issues important to our Company, including, in particular, our strategy of driving growth in our business through the development of innovative, customer-valued products and expansion of our global presence through targeted acquisitions. Additionally, as an experienced public company director and former executive, he contributes knowledge of public company requirements and issues, including those related to corporate governance and executive compensation matters.
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Other Public Company Boards

Current	Past 5 Years
Ecolab Inc. (Lead Director)	Hormel Foods Corporation

Background

Katherine J. Harless  
retired from Idearc  
Inc.<sup>(1)</sup>, Dallas/Fort  
Worth, Texas (a  
provider of sales,  
publishing and  
related services  
including Verizon  
Yellow Pages and  
SuperPages.com).  
She held the  
following positions:

- Director,  
Idearc (November  
2006 – May 2008)
- President and  
Chief Executive  
Officer,  
Idearc (November  
2006 – February  
2008)
- President, Verizon  
Information  
Services Inc. (spun  
off by Verizon  
Communications,  
Inc. to become  
Idearc Inc., 2000 –  
November 2006)

Ms. Harless is a  
director of the  
North Texas  
Chapter of the  
National  
Association of  
Corporate Directors  
("NACD") and is an  
NACD Board  
Leadership Fellow.

Katherine J. Harless  
Age 67  
Director since 2000  
Independent  
Committees

- Audit
- Finance

Qualifications  
Ms. Harless brings  
to our Board  
executive  
leadership  
experience,  
management skills  
and knowledge of



financial, executive  
compensation,  
corporate  
governance and  
other issues  
applicable to public  
companies. She  
provides a seasoned  
business  
perspective and  
valuable business,  
leadership and  
management  
insights with  
respect to our  
strategic direction.

Other Public  
Company Boards  
Current    Past 5  
              Years  
None        None

Table of Contents

Background

D. Christian Koch is the President and Chief Executive Officer of Carlisle Companies Incorporated, Scottsdale, Arizona (a diversified manufacturing company that produces and distributes a broad range of products). He holds or has held the following positions, all at Carlisle:

- President and Chief Executive Officer (since January 2016)
- President and Chief Operating Officer (May 2014 – January 2016)
- Group President, Carlisle Diversified Products (June 2012 – May 2014)
- President, Carlisle Brake & Friction (January 2009 – June 2012)
- President, Carlisle Asia-Pacific (February 2008 – January 2009)

D. Christian Koch  
Age 54  
Director since 2016  
Independent  
Committees

- Audit
- Finance

Qualifications

Mr. Koch brings to our Board his experience as a seasoned executive with strong business acumen and significant experience managing distribution, supply chain, manufacturing and sales operations around the world as well as with mergers and acquisitions. In addition, as a public company director and executive, Mr. Koch contributes a solid understanding of financial oversight requirements, strategic planning, executive compensation and corporate governance.

Other Public Company Boards

Current	Past 5 Years
Carlisle Companies Inc.	Arctic Cat Inc.

Continuing Members of the Board – Current Term Ending at the 2021 Annual Meeting

#### Background

Janet K. Cooper retired from Qwest Communications International Inc., Denver, Colorado (a U.S. telecommunications company that merged with and now does business as CenturyLink). She held the following positions:

- Senior Vice President and Treasurer, Qwest (September 2002 – June 2008)
- Chief Financial Officer and Senior Vice President, McDATA Corporation (2001 – 2002)
- Senior Vice President, Finance, Qwest (2000 – 2001)
- Prior positions at U.S. West Inc. include Vice President, Finance and Controller, and Vice President and Treasurer

#### Qualifications

Janet K. Cooper  
Age 65  
Director since 1994  
Independent  
Committees  
• Audit (Chair)  
• Finance

Ms. Cooper brings to our Board substantial financial and accounting knowledge and expertise. Ms. Cooper's experience as a public company director and audit committee member and her financial expertise and acumen in capital markets, audit, tax, accounting, treasury and risk-management, including related to information systems and cybersecurity, assists our Board in providing oversight to Management on these matters. Ms. Cooper's senior leadership experience also enables her to provide strategic input to our Board, in addition to her financial expertise, discipline and oversight.

#### Other Public Company Boards

Current	Past 5 Years
Lennox International Inc.	None

Resonant Inc.



Table of Contents

<p>Gary L. Ellis</p>	<p>Background</p> <p>Gary L. Ellis retired from Medtronic plc, Dublin, Ireland (a global medical technology company). He held the following positions:</p> <ul style="list-style-type: none"> <li>• Executive Vice President, Global Operations, Information Technology and Facilities &amp; Real Estate, Medtronic plc (June 2016 – December 2016)</li> <li>• Executive Vice President and Chief Financial Officer, Medtronic, Inc. (April 2014 – June 2016)</li> <li>• Senior Vice President and Chief Financial Officer, Medtronic, Inc. (May 2005 – April 2014)</li> <li>• Vice President, Corporate Controller and Treasurer, Medtronic, Inc. (1999 – May 2005)</li> </ul>		
<p>Age 62</p> <p>Director since 2006</p> <p>Independent</p> <p>Committees</p> <ul style="list-style-type: none"> <li>• Finance (Chair)</li> <li>• Audit</li> </ul>	<p>Qualifications</p> <p>Mr. Ellis brings extensive financial leadership experience and expertise to our Board which provides oversight regarding capital structure, financial condition and policies, long-range financial objectives, tax strategies, financing requirements and arrangements, capital budgets and expenditures, risk-management, insurance coverage, and strategic planning matters. As a former executive of a public company and an experienced public company director, Mr. Ellis contributes enhanced knowledge of public company requirements and issues. Additionally, Mr. Ellis contributes his international experience managing worldwide financial operations and analyzing financial implications of merger and acquisition transactions, as well as aligning business strategies and financial decisions.</p> <p>Other Public Company Boards</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Current</td> <td style="width: 50%;">Past 5 Years</td> </tr> </table>	Current	Past 5 Years
Current	Past 5 Years		

Hill-Rom Holdings, Inc. None

#### Background

Gregg W. Steinhafel was the Chairman, President and Chief Executive Officer of Target Corporation<sup>(2)</sup>, Minneapolis, Minnesota (a variety retailing company). He held the following positions, all at Target:

- Chairman of the Board (February 2009 – May 2014)
- Chief Executive Officer (May 2008 – May 2014)
- Director (January 2007 – May 2014)
- President (1999 – May 2014)

Gregg W. Steinhafel

Age 64

Director since 1999

Independent

Committees

- Compensation & Human Resources
- Nominating & Governance

#### Qualifications

Mr. Steinhafel brings to our Board meaningful leadership experience and retail knowledge, including a deep understanding of the value of strong brand recognition, devotion to innovation, strong supply chain initiatives, and a disciplined approach to business management and investment in future growth. In addition, he contributes decision-making skills and valuable strategic planning expertise, as well as

relevant knowledge of  
public company  
requirements and issues,  
including those related to  
corporate governance and  
executive compensation  
matters. Mr. Steinhafel's  
significant retail  
knowledge assists our  
Board in providing  
guidance with respect to  
our residential business,  
which is affected by  
consumer confidence and  
spending levels, changing  
buying patterns of  
customers and product  
placement at mass  
retailers.  
Other Public Company  
Boards  
Current Past 5 Years  
None Target Corporation

Table of Contents

Background  
Michael G. Vale, Ph.D., is the Executive Vice President, Health Care Business Group of 3M Company, St. Paul, Minnesota (a global diversified technology company). He holds or has held the following positions, all at 3M:

- Executive Vice President, Health Care Business Group (since July 2016)

- Executive Vice President, Consumer Business Group (August 2011 – July 2016)

- Prior positions include product development engineer; manufacturing director; managing director, 3M Spain; and managing director, 3M Brazil



Michael G. Vale, Ph.D.	Qualifications
Age 52	Dr. Vale brings
Director since 2018	to our Board
Independent	extensive
Committees	global business
• Audit	experience and
• Finance	expertise in
	research and
	development,
	technology and
	manufacturing.
	Dr. Vale also
	contributes
	substantial
	knowledge
	of consumer
	marketing,
	distribution
	channels,
	supply chain,
	mergers and
	acquisitions
	and managing
	customer
	relationships,
	all of which
	provide
	valuable
	management
	insight with
	respect to our
	strategic
	planning and
	assist our
	Board in
	providing
	oversight to our
	businesses.

Other Public  
Company  
Boards  
Past 5 Years  
None

(1) On December 31, 2009, Idearc emerged from voluntary Chapter 11 bankruptcy proceedings that it filed in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, on March 31, 2009, which was after Ms. Harless retired from Idearc.

(2)

In January 2015, after Mr. Steinhafel left Target, Target Canada Co., an indirect wholly owned subsidiary of Target, filed an application for protection under the Companies' Creditors Arrangement Act with the Ontario Superior Court of Justice in Toronto and was deconsolidated.

Table of Contents

**CORPORATE GOVERNANCE**

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines, which describe our corporate governance practices and policies and provide a framework for our Board governance. The topics addressed in our Corporate Governance Guidelines include: director qualifications and responsibilities; Board committees; director board limits; director access to officers and employees; director compensation; director independence; related party transactions; director orientation and continuing education; CEO evaluation and management succession; and Board annual self-evaluation. Our Corporate Governance Guidelines provide, among other things, that:

- The Board will have a majority of directors who meet the criteria for independence required by law, the SEC and the NYSE listing standards;
- No director shall sit on boards of directors of more than four publicly held companies without the approval of the Nominating & Governance Committee;
- No director who is an active, full-time employee of our Company shall serve as a director of more than two other publicly held companies and there shall be no interlocking board memberships without the approval of the Nominating & Governance Committee;
- While the Board does not believe it should establish age limits, any director who has attained the age of 70 should volunteer not to stand for re-election;
- The CEO will annually review with the Board top management succession plans, including development plans for succession candidates, and will periodically review with the Board an emergency leadership preparedness plan applicable in the event the CEO unexpectedly becomes incapacitated or otherwise is unable to serve; and
- The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively.

Our Corporate Governance Guidelines can be found on our website at [www.thetorocompany.com/corporategovernance](http://www.thetorocompany.com/corporategovernance). From time to time the Board, upon recommendation of the Nominating & Governance Committee, reviews and updates our Corporate Governance Guidelines as it deems necessary and appropriate.

Board Leadership Structure

Our Corporate Governance Guidelines provide that (i) our Board has no policy with respect to the separation of the offices of the Chairman and the CEO; (ii) our Board believes that this issue is part of the succession planning process and will be reviewed as the Nominating & Governance Committee deems it appropriate; and (iii) (a) if the offices of Chairman and CEO are held by the same person, or (b) the Chairman does not meet the criteria for “independence” as established by applicable law, the rules and regulations of the SEC or the NYSE listing standards, then the Board, upon recommendation of the Nominating & Governance Committee, shall appoint a Lead Independent Director, who shall have such duties as are described in the Corporate Governance Guidelines or otherwise determined by the Board. The Board believes it is appropriate not to have a policy requiring the separation of the offices of the Chairman and the CEO so that it may make this determination based on what it believes is best under the current circumstances. However, the Board endorses the concept of an independent, non-employee director being in a position of leadership and, thus, our Corporate Governance Guidelines require a Lead Independent Director when the Chairman is not independent.

Our Board is currently chaired by Richard M. Olson, our Chairman and CEO. Our Lead Independent Director is Mr. Buhrmaster and he will serve in this role until his retirement from our Board in connection with the annual meeting. Our Nominating & Governance Committee and Board believe that our current Board leadership structure ensures a strong and independent Board of Directors, provides effective governance, creates appropriate oversight for the long-term benefit of our shareholders and is appropriate for several reasons, including: (i) Mr. Olson’s extensive

knowledge of our Company, our business, operations and industry, obtained through his more than 32 years of service to our Company, which benefit Board leadership and the Board's decision-making process through his active role as Chairman; (ii) unification of Board leadership and strategic direction as implemented by our Management; and (iii) appropriate balance of risks relating to concentration of authority through the oversight of our independent and engaged Lead Independent Director and Board.

## Table of Contents

As our Lead Independent Director, Mr. Buhrmaster (i) assists Mr. Olson in establishing the agendas for Board meetings and the schedule of agenda subjects to be discussed during the year, to the extent such subjects can be foreseen; (ii) presides at regularly scheduled executive sessions of the non-employee directors without Management present; (iii) together with the Chair of the Compensation & Human Resources Committee, communicates to Mr. Olson the results of his annual performance review and compensation; and (iv) leads the Board's annual self-evaluation. With more than 22 years of continuous service on our Board, Mr. Buhrmaster has developed considerable knowledge of our Company, our business and our industry. Mr. Buhrmaster also has significant public company board experience. In addition to serving as our Lead Independent Director, Mr. Buhrmaster serves as the Chair of our Nominating & Governance Committee and will continue to do so until his retirement from our Board in connection with the annual meeting.

In anticipation of Mr. Buhrmaster's retirement at the annual meeting, the Board has selected Mr. Ellis to serve as our next Lead Independent Director. The appointment of Mr. Ellis as our Lead Independent Director will be effective immediately following the annual meeting. Our Nominating & Governance Committee and Board believe that the selection of Mr. Ellis as our next Lead Independent Director will continue our commitment to having a strong and independent Board of Directors that provides effective governance and appropriate oversight for the long-term benefit of our shareholders. Mr. Ellis has served on our Board for more than 12 years and has been a member of our Audit Committee and Chair of our Finance Committee throughout his tenure. As a result, he has developed a deep understanding of our Company, business and industry. In addition, as a recently retired executive officer from Medtronic, he has significant public company experience that the Nominating & Governance Committee and the Board believe will continue the effective balance of Management authority and Board oversight. More information about Mr. Ellis' background may be found on page 11. Mr. Ellis will also continue to serve as Chair of our Finance Committee.

## Director Independence

The Board, following consideration of all relevant facts and circumstances and upon recommendation of the Nominating & Governance Committee, has affirmatively determined that each director who served as a member of our Board during fiscal 2018 (Robert C. Buhrmaster, Janet K. Cooper, Gary L. Ellis, Jeffrey M. Ettinger, Katherine J. Harless, D. Christian Koch, James C. O'Rourke, Gregg W. Steinhafel, Christopher A. Twomey and Michael G. Vale) other than Michael J. Hoffman, our former Executive Chairman who served until November 3, 2017, and Richard M. Olson, our current Chairman and CEO, is independent. In addition, the Board, following consideration of all relevant facts and circumstances and upon recommendation of the Nominating & Governance Committee, has affirmatively determined that each of Jeffrey L. Harmening and Joyce A. Mullen is independent. These determinations were made because each such person has no material relationship with our Company, our Management, our independent registered public accounting firm, or external auditor, our independent external compensation consultant or our external compensation legal advisers, and otherwise meets the independence requirements as established by applicable law, the rules and regulations of the SEC and the NYSE listing standards. The Board based its independence determinations, in part, upon a review by the Nominating & Governance Committee and the Board of certain transactions between us and the employers of certain of our directors, each of which was deemed to be pre-approved under our Corporate Governance Guidelines in that each such transaction was made in the ordinary course of business, at arm's length, at prices and on terms customarily available to unrelated third party vendors or customers generally, in amounts that are not material to us or such unaffiliated corporation, and in which the director had no direct or indirect personal interest, nor received any personal benefit.

## Director Attendance; Executive Sessions

The Board held seven meetings during fiscal 2018 and took action by unanimous written consent once in fiscal 2018. Each incumbent director attended at least 75% of the aggregate total number of meetings held by the Board and all

committees on which he or she served. Our Corporate Governance Guidelines provide that the non-employee directors will meet in regularly scheduled executive sessions without Management. At each regular Board meeting held during fiscal 2018 our non-employee directors met in executive session without Management present and such meetings were presided over by our Lead Independent Director.

We expect all of our directors and our director nominees to attend our annual meeting of shareholders and we customarily schedule a regular Board meeting on the same day as our annual meeting. All directors serving at the time of our 2018 Annual Meeting of Shareholders held on March 20, 2018 were in attendance.

Table of Contents

## Board Committees

The Board has four committees, the Audit Committee, Compensation & Human Resources Committee, Nominating & Governance Committee, and Finance Committee. Each committee has a charter that is posted on our website at [www.thetorocompany.com/corporategovernance](http://www.thetorocompany.com/corporategovernance). The charter of each committee describes the principal functions of the committee. On an annual basis the Audit Committee, Nominating & Governance Committee and Compensation & Human Resources Committee review the adequacy of their charter and their performance. The Finance Committee periodically reviews its charter and performance, with such review historically conducted on an annual basis. The Chair of each Board committee provides a summary of the matters discussed in their committee meeting to the full Board.

The Board has determined that each of the members, current and as anticipated immediately after the annual meeting, of the Audit Committee, Compensation & Human Resources Committee and Nominating & Governance Committee meets the independence and other requirements established by applicable law, the rules and regulations of the SEC, the NYSE listing standards and the Internal Revenue Code of 1986, as amended, or Code, as applicable.

The current membership of each committee, the anticipated future membership of each committee immediately after the annual meeting, the number of times each committee met, including by executive session, during fiscal 2018 and key functions of each committee are noted in the table and accompanying footnotes below. Neither Mr. Olson, nor Mr. Hoffman prior to his retirement as Executive Chairman, is or was a member of any Board committee. In fiscal 2018 Mr. Olson attended, and currently may attend, various committee meetings, or portions of such meetings as appropriate, as a member of Management at the invitation of such Board committees.

Audit Committee	Key Committee Functions	Committee Members <sup>(1), (2)</sup>
	<ul style="list-style-type: none"> <li>Oversees the accounting and financial reporting processes, audits of consolidated financial statements and internal controls over financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>Ms. Cooper (Chair)</li> </ul>
	<ul style="list-style-type: none"> <li>Selects, compensates and evaluates independent external auditor</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Ellis</li> <li>Ms. Harless</li> <li>Mr. Koch</li> </ul>
	<ul style="list-style-type: none"> <li>Reviews with Management and external auditor Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and earnings releases</li> </ul>	<ul style="list-style-type: none"> <li>Dr. Vale</li> </ul> <p>During Fiscal 2018</p>
	<ul style="list-style-type: none"> <li>Reviews general policies and procedures with respect to accounting and financial matters, internal controls and disclosure controls and procedures</li> </ul>	<p>Number of Meetings: 13</p> <p>Number of Executive</p>


Sessions:

6 – with  
Committee

6 – with  
Management

4 – with internal  
auditor

5 – with external  
auditor



(1) In anticipation of the election of Mr. Harmening and Ms. Mullen at the annual meeting, the Nominating & Governance Committee and Board have determined that Mr. Harmening will join the Audit Committee, effective immediately after his election to our Board by our shareholders at the annual meeting. In addition, Mr. Koch will transition from being a member of the Audit Committee and Finance Committee to a member of the Nominating & Governance Committee and Compensation & Human Resources Committee in connection with such elections.

(2) The Board has determined that all members of the Audit Committee (current and as anticipated immediately after the annual meeting) are financially literate and that each of Janet K. Cooper and Gary L. Ellis meets the definition of “audit committee financial expert.” Other members of the Audit Committee who currently are serving or have served as chief executive officers or chief financial officers of other public companies also may be considered financial experts, but the Board has not so designated them.



Table of Contents

Compensation & Human Resources Committee	Key Committee Functions	Committee Members <sup>(1)</sup>	
	<ul style="list-style-type: none"> <li>• Approves the compensation levels, salaries, incentive opportunities and other compensation arrangements for the CEO and executive officers</li> </ul>	<ul style="list-style-type: none"> <li>• Approves performance goals for performance based awards</li> </ul>	Mr. Twomey (Chair)
	<ul style="list-style-type: none"> <li>• Reviews compensation policies and practices as they affect all employees and relate to risk management practices and risk-taking incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews with Management the Compensation Discussion and Analysis, the Committee report on executive compensation, and any compensation-related proposals, including say-on-pay and frequency of say-on-pay proposals</li> </ul>	Mr. Buhrmaster Mr. Ettinger
	<ul style="list-style-type: none"> <li>• Evaluates the CEO’s performance</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews non-employee director compensation components and amounts</li> </ul>	Mr. O’Rourke
			Mr. Steinhafel
			During Fiscal 2018
		Number of Meetings: 4	
		Number of Executive Sessions: 3	

(1)In connection with Mr. Twomey’s retirement at the annual meeting, the Nominating & Governance Committee and Board have selected Mr. O’Rourke to serve as Chair of the Compensation & Human Resources Committee, effective immediately following the annual meeting. In addition, in anticipation of the election of Mr. Harmening and Ms. Mullen at the annual meeting, the Nominating & Governance Committee and Board have determined that (i) Ms. Mullen will join the Compensation & Human Resources Committee and Nominating & Governance Committee and (ii) Mr. Koch will transition from being a member of the Audit Committee and Finance Committee to a member of the Nominating & Governance Committee and Compensation & Human Resources Committee, with such appointments to be effective immediately after the election of Ms. Harmening and Ms. Mullen to our Board by our shareholders at the annual meeting.


Nominating & Governance Committee	Key Committee Functions	Committee Members <sup>(1)</sup>	
	<ul style="list-style-type: none"> <li>• Reviews and recommends to the Board the size and composition of the Board and its committees</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews and recommends to the Board any proposed amendments or changes to Restated Certificate of Incorporation or Amended and Restated Bylaws</li> </ul>	Mr. Buhrmaster (Chair)
	<ul style="list-style-type: none"> <li>• Identifies individuals qualified to become Board members</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews Corporate Governance Guidelines and recommends to the Board any changes</li> </ul>	Mr. Ettinger

	<ul style="list-style-type: none"> <li>• Recommends to the Board director nominees for election at the annual meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Monitors corporate governance trends</li> </ul>	Mr. O'Rourke
	<ul style="list-style-type: none"> <li>• Oversees the annual evaluation of the Board</li> </ul>		Mr. Steinhafel
			Mr. Twomey
			During Fiscal 2018
		Number of Meetings: 2	
		Number of Executive Sessions: 2	

(1) In connection with Mr. Buhrmaster's retirement at the annual meeting, the Nominating & Governance Committee and the Board have selected Mr. Ettinger to serve as Chair of the Nominating & Governance Committee, effective immediately following the annual meeting. In addition, in anticipation of the election of Mr. Harmening and Ms. Mullen at the annual meeting, the Nominating & Governance Committee and Board have determined that (i) Ms. Mullen will join the Compensation & Human Resources Committee and Nominating & Governance Committee and (ii) Mr. Koch will transition from being a member of the Audit Committee and Finance Committee to a member of the Nominating & Governance Committee and Compensation & Human Resources Committee, with such appointments to be effective immediately after the election of Ms. Harmening and Ms. Mullen to our Board by our shareholders at the annual meeting.

Finance Committee	Key Committee Functions		Committee Members <sup>(1)</sup>
	<ul style="list-style-type: none"> <li>• Reviews, and recommends to the Board as required, capital structure and related financial policies and long-range objectives, capital expenditures, tax strategies and restructuring projects, financing arrangements and cash or any special dividends</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews use of derivative, hedging and similar instruments to manage financial, currency and interest rate exposure</li> </ul>	Mr. Ellis (Chair)
	<ul style="list-style-type: none"> <li>• Reviews and recommends to the Board the authorization for the issuance or repurchase of equity or long-term debt</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluates, and recommends to the Board as required, financing implications of certain proposed merger, acquisition, divestiture, joint venture and other business combination transactions or investments</li> </ul>	Ms. Cooper Ms. Harless Mr. Koch
			Dr. Vale
			During Fiscal 2018
			Number of Meetings: 7

Number of  
Executive  
Sessions: 5



(1) In anticipation of the election of Mr. Harmening and Ms. Mullen at the annual meeting, the Nominating & Governance Committee and Board have determined that Mr. Harmening will join the Finance Committee, effective immediately after his election to our Board by our shareholders at the annual meeting. In addition, Mr. Koch will transition from being a member of the Audit Committee and Finance Committee to a member of the Nominating & Governance Committee and Compensation & Human Resources Committee in connection with such elections.

16

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## Table of Contents

### Board's Role in Risk Oversight

Management is primarily responsible for the identification, assessment and management of the key risks faced by our Company. We engage in an enterprise risk management, or ERM, process, which is coordinated primarily through our internal audit function, and involves:

- identification by senior leaders of our business functions and divisions of the particular risks relevant to their respective areas or to our Company as a whole;
- assessment of the materiality of those risks, based on expected probability of occurrence and severity of impact;
- to the extent prudent and feasible, development of strategies and plans to mitigate, monitor and control such risks; and
- scheduled reports by the respective senior leaders on such items to the relevant committee or the Board, as applicable, throughout the ERM review cycle.

The Board's oversight of these risks primarily occurs in connection with the exercise of its responsibility to oversee our business, including through the review of our long-term strategic plans, annual operating plans, financial results, merger and acquisition related activities, material legal proceedings, and management succession plans. In addition, the Board relies on its committees to assist with risk oversight within their respective areas of responsibility and expertise as follows:

- The Audit Committee assists through its oversight of the quality and integrity of our financial reports; compliance with applicable legal and regulatory requirements; qualifications, performance and independence of our external auditor; performance of our internal audit function; accounting and reporting processes; strategy, performance and experience of our information technology and security function and practices, including those related to cybersecurity; performance of our health and safety program; and our general policies and procedures regarding accounting and financial matters and internal controls. The Audit Committee is also responsible for providing oversight of our ERM process by discussing our procedures with respect to risk assessment and risk management, including our major financial and business risk exposures and the steps Management has taken to monitor and control such exposures.
- The Compensation & Human Resources Committee assists through its oversight of our compensation and human resources programs and policies, including executive compensation, organizational, and corporate culture plans and strategies. A discussion of the Compensation & Human Resources Committee's assessment of compensation policies and practices as they relate to our Company's risk management is found under "Assessment of Risk Related to Compensation Programs" on page 43.
- The Finance Committee assists through its oversight of our capital structure and related policies; long-range objectives; tax strategies and restructuring projects; financing requirements and arrangements; equity and debt issuances and repurchases; use of derivative, hedging and similar instruments; annual capital budget and capital expenditures; D&O and liability insurance coverage; the delegated responsibilities of our Management Investment Committee relating to our ERISA-regulated employee benefit plans; and through its evaluation of, among other things, the financial impact of certain proposed business combination transactions.
- The Nominating & Governance Committee assists through its oversight of our overall corporate governance structure and policies, including director nominations, director retirements, director independence and qualifications, Board leadership structure, Board committee structure and monitoring of corporate governance trends, including environmental, social and governance, or ESG, ratings.

The Board believes that its oversight of risk is enhanced by its current leadership structure, as previously discussed, because our Chairman and CEO, who is ultimately responsible for our Management's risk responsibility, also chairs regular Board meetings and, with his in-depth knowledge and understanding of our Company, is well positioned to bring key business issues and risks to the attention of the full Board.



## Table of Contents

### Executive Compensation Process

At the beginning of each fiscal year, the Compensation & Human Resources Committee reviews and approves compensation for each of our executive officers which generally includes:

- changes, if any, to base salary; and
- incentive awards, including:
  - annual cash incentive awards for the current fiscal year, including (i) participation targets expressed as a percentage of base salary, target payout amounts, and maximum cash payout amounts and (ii) performance measures, weightings, goals and adjustment events; and
  - long-term incentive awards, including (i) stock option awards and (ii) three-year performance share awards, including (a) target share payout amounts and maximum share payout amounts and (b) performance measures, weightings, goals and adjustment events.

In connection with this review and approval, the Compensation & Human Resources Committee receives information regarding:

- market base salary, total cash compensation and total direct compensation data and analysis prepared by its independent external compensation consultant;
- total cash compensation to be paid for the fiscal year if annual cash incentive awards are achieved and paid at target;
- prior fiscal year target equity values; and
- total direct compensation for the fiscal year, assuming equity awards at target.

Additionally, the Committee obtains executive compensation recommendations from our Chairman and CEO, Vice President, Human Resources and Distributor Development, and Managing Director, Total Rewards and Employee Services that reflect individual performance; corporate, division and/or plant performance, as applicable; tenure in the position; comparison to market; level of professional experience; duties and responsibilities; internal pay comparisons; and outside market factors, including general economic conditions. Neither the Chairman and CEO nor the Vice President, Human Resources and Distributor Development provide input or recommendations with respect to his or her own compensation. The Chair of the Committee is also responsible for coordinating a performance evaluation for the Chairman and CEO based on feedback from all non-employee directors in connection with the ratification of the Chairman and CEO's compensation by the Board. Information on the compensation of our named executive officers is found under "Executive Compensation" beginning on page 29. Also, at the beginning of each fiscal year, the Committee certifies the achievement of the applicable performance goals previously established by the Committee for the annual cash incentive awards and performance share awards and approves resulting payouts, if any.

The Compensation & Human Resources Committee retained Willis Towers Watson to assist in the design and review of our executive compensation program during fiscal 2018. Additional information regarding the role of Willis Towers Watson during fiscal 2018 is found under "Compensation Discussion and Analysis—Role of the Independent External Compensation Consultant" beginning on page 32. From time to time, the Committee also has engaged Willis Towers Watson to perform other compensation consulting services, which in fiscal 2018 included a review of non-employee director compensation and a compensation risk assessment. For the services performed for us in fiscal 2018, the Committee assessed the independence of Willis Towers Watson pursuant to SEC and NYSE rules and concluded that the work of Willis Towers Watson did not raise any conflicts of interest. A representative from Willis Towers Watson attended two of the four Committee meetings in fiscal 2018, including executive sessions without Management present, to act as a resource to the Committee in carrying out its responsibilities. The Committee, through its Chair, can request an independent meeting with representatives from our independent external compensation consultant at any time. The Committee also has the authority to obtain advice and assistance from external legal, accounting or other advisers.



## Table of Contents

### Director Nomination and Refreshment Process

In identifying new nominees for election to the Board when vacancies occur, the Nominating & Governance Committee may solicit recommendations for nominees from other members of our Board or Senior Management. In addition, the Committee may (i) consider candidates put forth by external search or placement firms, (ii) formally engage such firms to assist it in identifying and evaluating qualified nominees, and/or (iii) consider certain individuals who contacted the Chairman of the Board, the Lead Independent Director and/or the Board of Directors and expressed an interest in serving on the Board.

When reviewing the requisite skills and characteristics of potential new director nominees, the Nominating & Governance Committee, pursuant to our Corporate Governance Guidelines, will consider a variety of criteria, including an individual's independence, diversity, age, skills, business experience, professional experience and industry experience, each in the context of the needs of the Board as a whole. Although the Committee does not have a formal policy regarding consideration of diversity in identifying director nominees, the Committee will evaluate a nominee based on his or her diversity of background, skills, experiences, viewpoints, and geographical representation, as well as more traditional diversity factors. As a result, the composition of the current Board reflects diversity in age, gender, background, skills, and business and professional experiences.

Once a proposed candidate is identified, the Nominating & Governance Committee may solicit the views of Senior Management, Board members and any other individuals it believes may have insight into a particular candidate. The Committee may designate one or more of its members and/or other Board members to interview any proposed candidate. The Committee then will recommend a director nominee to the Board based on its evaluation of such criteria.

As noted previously, Messrs. Buhmaster and Twomey will be retiring from our Board in connection with the annual meeting pursuant to our Board retirement age guideline. In anticipation of such retirements, our Chairman and CEO and the Nominating & Governance Committee began the process after our last annual meeting to identify nominees for election to the Board. This process included (i) considering recommendations from members of the Board, including the Chairman and CEO, (ii) engaging James Drury Partners as our external search firm to identify qualified candidates, and (iii) considering certain individuals who contacted the Chairman and CEO, the Lead Independent Director and/or the Board of Directors and expressed an interest in serving on the Board. As a result of this process, Mr. Harmening was identified through the work of James Drury Partners and Ms. Mullen was identified through recommendations by our Board. Each of Mr. Harmening and Ms. Mullen were subsequently interviewed by several members of the Board, including the Chairman and CEO, the Chair of the Nominating & Governance Committee, the Chair of the Audit Committee, and the Chair of the Finance Committee. Following that process, the Nominating & Governance Committee considered, and formally recommended to the full Board, that Mr. Harmening and Ms. Mullen be nominated for election by our shareholders at the annual meeting to fill the vacancies that will be created by the retirements of Messrs. Buhmaster and Twomey at the annual meeting and that each of Mr. Harmening and Ms. Mullen be included in the group of nominees for election by our shareholders at the 2019 Annual Meeting of Shareholders for a term expiring at the 2022 Annual Meeting of Shareholders. See Proposal One—Election of Directors on page 5. Each of Mr. Harmening and Ms. Mullen will become members of our Board effective immediately upon their election by our shareholders at the annual meeting.

The Nominating & Governance Committee will consider director candidates recommended to it by our shareholders. Those candidates must be qualified and exhibit the experience and expertise required of the Board's own pool of candidates, as well as have an interest in our business, and the demonstrated ability to attend and prepare for Board, committee and shareholder meetings. Any candidate must state in advance his or her willingness and interest in serving on the Board. Candidates should represent the interests of all shareholders and not those of a special interest group. The Committee will evaluate candidates recommended by shareholders using the same criteria it uses to



evaluate candidates recommended by others as described above. A shareholder that desires to nominate a person for election to the Board at a meeting of shareholders must follow the specified advance notice requirements contained in, and provide the specific information required by, our Amended and Restated Bylaws. The current requirements of our Amended and Restated Bylaws are as described under “Shareholder Proposals and Director Nominations for the 2020 Annual Meeting” on page 63.

Table of Contents

## Director Compensation

**Overview.** Our non-employee director compensation program generally is designed to attract and retain experienced and knowledgeable directors and to provide equity-based compensation to align the interests of our directors with those of our shareholders. In fiscal 2018, our non-employee director compensation was comprised of equity compensation, in the form of annual stock and stock option awards, and cash compensation, in the form of annual retainers. Each of these components is described in more detail below. This compensation program structure, together with the feature of The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended and restated, or the Amended and Restated 2010 Plan, that enables our directors to elect to receive a portion or all of their cash compensation in the form of our common stock, causes a substantial portion of our non-employee director compensation to be linked to our common stock performance. As current or former employee directors, Mr. Olson does not and Mr. Hoffman did not receive any additional compensation for their service as directors.

**Processes for Consideration and Determination of Director Compensation.** The Board has delegated to the Compensation & Human Resources Committee the responsibility, among other things, to review and recommend to the Board any proposed changes in non-employee director compensation. In connection with such review, the Compensation & Human Resources Committee is assisted in performing its duties by our Human Resources Department and also engages an independent external compensation consultant to provide analysis regarding non-employee director compensation.

The Compensation & Human Resources Committee engages Willis Towers Watson to review our non-employee director compensation each year. The Willis Towers Watson review consists of, among other things, analysis of board compensation trends and a competitive assessment based on a selected group of manufacturing companies operating in the United States that are similar size to us from a revenue and market capitalization perspective. The Compensation & Human Resources Committee considered this data in determining whether to recommend any changes to our non-employee director compensation program and the approved non-employee director compensation program is presented in the table below. Overall, the reviews by Willis Towers Watson showed that our non-employee director compensation program aligned with market trends from a design perspective and at or below the peer group midpoint from a compensation level standpoint.

**Elements of Our Non-Employee Director Compensation Program.** The following table sets forth our fiscal 2018 non-employee director compensation program. There were no changes for the fiscal 2019 program.

Non-Employee Director Compensation	Fiscal 2018
Annual Stock Award Value	\$60,000
Annual Stock Option Award Value	\$55,000
Annual Board and Committee Member Retainers	
Board	\$80,000
Audit Committee Member	\$12,500
Compensation & Human Resources Committee Member	\$7,000
Nominating & Governance Committee Member	\$6,000
Finance Committee Member	\$6,000
Annual Lead Independent Director and Committee Chair Additional Retainers	
Lead Independent Director	\$25,000
Audit Committee Chair	\$20,000
Compensation & Human Resources Committee Chair	\$12,000

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Nominating & Governance Committee Chair	\$7,500
Finance Committee Chair	\$7,500

Table of Contents

The following summarizes the key characteristics of the elements of our non-employee director compensation program:

Element	Key Characteristics
Annual Retainers	Each Board and committee member, committee chair and the Lead Independent Director receive annual retainers as described in the foregoing table for their respective service on our Board.
Stock Awards	On the first business day of our fiscal year (usually November 1), shares of our common stock are automatically granted under the Amended and Restated 2010 Plan. The stock award is determined by dividing the stock award value by the average of the closing prices of our common stock, as reported on the NYSE, during the three months prior to the grant. The shares are fully vested at the time of grant.
Stock Option Awards	On the first business day of our fiscal year, a stock option to purchase shares of our common stock is automatically granted. The stock option award is determined by dividing the stock option award value by the grant date fair value of a stock option to purchase one share of our common stock. See below for additional information regarding vesting of stock option grants.
Common Stock In Lieu of Annual Retainers	Our non-employee directors may elect to convert a portion or all of their calendar year annual retainers otherwise payable in cash into shares of our common stock. Annual retainers earned after the date a director makes a stock-in-lieu of cash election for a calendar year are issued in shares of common stock in December of that year, the number of which is determined by dividing the dollar amount of the annual retainers earned in the calendar year and elected to be converted into shares of our common stock by the closing price of our common stock, as reported on the NYSE, on the date that the shares are issued.
Deferred Compensation Plan	Non-employee directors may elect to defer receipt of all or a part of his or her stock award and/or cash compensation on a calendar year basis under The Toro Company Deferred Compensation Plan for Non-Employee Directors, or the Deferred Plan for Directors. Because the value of a director's deferred compensation account fluctuates, as applicable, based on the market value of our common stock or based on a rate of return on funds that are comparable to funds available in The Toro Company Investment, Savings and Employee Stock Ownership Plan, or IS&ESOP, earnings on deferred compensation are not preferential. Dividends paid on our common stock are credited to a director's account as additional common stock units. A director is fully vested in his or her deferred compensation accounts. Distributions under the Deferred Plan for Directors are payable in accordance with the director participant's prior distribution elections upon the earliest of retirement, prior to retirement if a valid election has been made or in an unforeseeable financial emergency.
Company Products	Each of our non-employee directors is entitled to receive certain Company products and related parts, service and accessories for his or her personal use, at no cost; provided, however, that directors are responsible for payment of applicable taxes attributable to the value of such items. The value of products, parts and accessories is deemed to be our distributor net price or its equivalent, which is also the price at which such items are generally available to our employees for purchase.
Charitable Giving	We offer a matching gift program for our non-employee directors, similar to the matching gift program offered to all employees, which provides that a gift or gifts by a director and/or his or her spouse to one or more tax exempt 501(c)(3) charitable organizations located in the United States will be matched by us in an aggregate amount of up to \$1,000 per director per year.
Indemnification and D&O Insurance	Each non-employee director is a party to an indemnification agreement with us pursuant to which we have agreed to provide indemnification and advancement of expenses to the fullest extent permitted by Delaware law and our Restated Certificate of Incorporation and continued coverage under our D&O insurance.

**Stock Option Vesting.** Except as described below, stock options granted to our non-employee directors vest in three equal installments on each of the first, second and third year anniversaries of the date of grant and remain exercisable for a term of ten years after the date of grant.

If a director becomes disabled or dies, all outstanding unvested stock options will vest in full on the date the director's service ceases by reason of such disability or death and all outstanding stock options may be exercised up to the earlier of the date the stock options expire or one year after the date the director's service ceased by reason of such disability or death.

If a director has served as a member of the Board for ten full fiscal years or longer and terminates his or her service on the Board, other than due to death or disability, his or her outstanding unvested stock options will continue to vest in accordance with their terms and the director may exercise the vested portions of the stock options for up to four years after the director's date of termination, but not later than the date the stock options expire. If a director has served as a member of the Board for less than ten full fiscal years and terminates his or her service on the Board, other than due to death or disability, his or her outstanding unvested stock options will expire and be canceled and the director may exercise any vested portions of the stock options for up to three months after the director's date of termination, but not later than the date the stock options expire. The following

Table of Contents

directors have served as a member of the Board for ten full fiscal years or longer: Robert C. Buhrmaster, Janet K. Cooper, Gary L. Ellis, Katherine J. Harless, Gregg W. Steinhafel and Christopher A. Twomey.

If there is a change in control of our Company, stock options granted under the Amended and Restated 2010 Plan will vest immediately and remain exercisable for the remaining term and stock options granted under The Toro Company 2000 Directors Stock Plan, as amended, or 2000 Directors Stock Plan, will remain exercisable for three years or their respective expiration date, if earlier. The general definition of a change in control under the Amended and Restated 2010 Plan and the 2000 Directors Stock Plan is described under “Potential Payments Upon Termination or Change in Control—Change in Control” beginning on page 55.

Director Compensation for Fiscal 2018. The following table provides summary information concerning the compensation of each individual non-employee director who served during fiscal 2018. Each of Richard M. Olson, who served as Chairman and CEO in fiscal 2018, and Michael J. Hoffman, who served as Executive Chairman at the beginning of fiscal 2018, is not compensated separately for his service as a director. Mr. Olson’s compensation is discussed in the “Executive Compensation” section beginning on page 29. Neither Mr. Harmening nor Ms. Mullen served as a director in fiscal 2018 and, therefore, are not included in this table.

Name	Fees Earned or				Total
	Paid in Cash	Stock Awards	Option Awards	All Other Compensation	
	(\$) <sup>(1)</sup>	(\$) <sup>(2)</sup>	(\$) <sup>(3)(4)</sup>	(\$) <sup>(5)</sup>	(\$)
Robert C. Buhrmaster	\$ 125,500	\$ 58,846	\$ 54,995	\$ 1,586	\$ 240,927
Janet K. Cooper	\$ 118,500	\$ 58,846	\$ 54,995	\$ 1,796	\$ 234,137
Gary L. Ellis	\$ 106,000	\$ 58,846	\$ 54,995	\$ 4,884	\$ 224,725
Jeffrey M. Ettinger <sup>(6)</sup>	\$ 93,000	\$ 58,846	\$ 54,995	\$ 0	\$ 206,841
Katherine J. Harless <sup>(7)</sup>	\$ 98,750	\$ 58,846	\$ 54,995	\$ 4,972	\$ 217,563
D. Christian Koch	\$ 98,500	\$ 58,846	\$ 54,995	\$ 554	\$ 212,895
James C. O’Rourke	\$ 94,375	\$ 58,846	\$ 54,995	\$ 2,446	\$ 210,662
Gregg W. Steinhafel	\$ 93,000	\$ 58,846	\$ 54,995	\$ 13,465	\$ 220,306
Christopher A. Twomey	\$ 105,000	\$ 58,846	\$ 54,995	\$ 9,685	\$ 228,526
Michael G. Vale <sup>(8)</sup>	\$ 82,173	\$ 0	\$ 0	\$ 0	\$ 82,173

(1) Unless a director otherwise elected to convert a portion or all of his or her annual retainers into shares of our common stock under our Amended and Restated 2010 Plan, annual retainers were paid in cash in four quarterly installments at the beginning of each fiscal quarter.

(2) On November 1, 2017, 932 shares of our common stock were granted to each non-employee director with the calculation based on the average of the closing prices of our common stock, as reported on the NYSE, during the three months prior to the grant, which was \$64.35. However, the amount reported in the table represents the grant date fair value, computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 718. The closing price on the grant date of \$63.14 was used in calculating the grant date fair value. The automatic grant of stock awards on November 1, 2017, were the only stock awards granted to directors during fiscal 2018. As of October 31, 2018, no directors held any restricted stock or other unvested stock awards.

- (3) On November 1, 2017, a stock option to purchase 3,846 shares of our common stock was granted to each non-employee director. The amount reported in the table represents the grant date fair value computed in accordance with FASB ASC Topic 718. The grant date fair value is based on a Black-Scholes model valuation of \$14.2993 per share. The following assumptions were used in the Black-Scholes calculation: a risk-free interest rate of 2.14%; expected life of 6.3 years; expected volatility of 21.83%; and an expected dividend yield of 1.01%. The exercise price per share is equal to 100% of the fair market value of one share of our common stock on the date of grant, as determined by the closing price for our common stock, as reported on the NYSE, which was \$63.14 on November 1, 2017. The actual value of the stock option awards, if any, to be realized by a director depends upon whether the price of our common stock at exercise is greater than the exercise price of the stock options. The automatic grant of stock option awards on November 1, 2017 were the only stock options granted to directors during fiscal 2018.
- (4) As of October 31, 2018, the aggregate number of stock options (exercisable and unexercisable) held by each director was as follows: Mr. Buhrmaster—65,373; Ms. Cooper—50,265; Mr. Ellis—65,373; Mr. Ettinger—50,265; Ms. Harless—54,373; Mr. Koch—8,797; Mr. O'Rourke—24,131; Mr. Steinhafel—19,027; and Mr. Twomey—30,973. The numbers are different from the numbers set forth in the "Stock Options" column in footnote (2) to the "Directors and Executive Officers" stock ownership table beginning on page 60 which

## Table of Contents

- (i) sets forth information as of January 22, 2019 and (ii) does not include options that will become exercisable more than 60 days after January 22, 2019.
- (5) We generally do not provide perquisites and other personal benefits to our non-employee directors other than Company products for personal use. The amount reported includes for (i) each of Ms. Harless and Messrs. Ellis, O'Rourke, Steinhafel and Twomey the value of products, parts, service or accessories, as described under "Company Products" on page 21; (ii) each of Ms. Cooper and Harless and Mr. Twomey a charitable donation under our director matching gift program, as described under "Charitable Giving" on page 21; and (iii) each of Ms. Cooper and Messrs. Buhrmaster, Ellis, Koch, O'Rourke and Steinhafel the incremental cost to the Company for spousal travel in connection with an off-site board meeting.
- (6) Mr. Ettinger elected to convert his calendar 2017 and calendar 2018 retainers into shares of our common stock under the Amended and Restated 2010 Plan. On December 17, 2018, based on that day's closing stock price of \$56.48, as reported on the NYSE, Mr. Ettinger received 1,646 shares of our common stock in lieu of \$92,966 cash that would have been paid in calendar 2018. The amount shown in the "Fees Earned or Paid in Cash" column represents the amount he earned for fiscal 2018.
- (7) Ms. Harless elected to defer receipt of her (i) calendar 2017 and calendar 2018 retainers earned in fiscal 2018, and (ii) the annual stock award granted on November 1, 2017, each under the Deferred Plan for Directors.
- (8) Dr. Vale was elected to the Board on January 1, 2018. Accordingly, the fees shown for Dr. Vale are for the period from January 1, 2018 through October 31, 2018. As he was not serving on the Board on November 1, 2017, the date of the fiscal 2018 automatic annual stock award and annual stock option grants, he did not receive such awards in fiscal 2018. Additionally, Dr. Vale elected to defer receipt of his calendar 2018 retainers earned in fiscal 2018.

## Related Person Transactions and Policies and Procedures Regarding Related Person Transactions

Our Corporate Governance Guidelines set forth in writing our policies and procedures regarding the review, approval and ratification of related person transactions. All reportable related person transactions must be reviewed, approved or ratified by the Nominating & Governance Committee. In determining whether to approve or ratify such transactions, the Committee will take into account, among other factors and information it deems appropriate:

- the related person's relationship to our Company and interest in the transaction;
- the material facts of the transaction;
- the benefits to our Company of the transaction; and
- an assessment of whether the transaction is (to the extent applicable) in the ordinary course of business, at arm's length, at prices and on terms customarily available to unrelated third party vendors or customers generally, and whether the related person had any direct or indirect personal interest in, or received any personal benefit from, such transaction.

Transactions in the ordinary course of business, between us and an unaffiliated corporation of which one of our non-employee directors or director nominees serves as an officer, that are at arm's length, at prices and on terms customarily available to unrelated third party vendors or customers generally, in which the non-employee director or director nominee had no direct or indirect personal interest, nor received any personal benefit, and in amounts that are not material to our business or the business of such unaffiliated corporation, are deemed conclusively pre-approved.

## Board of Directors Business Ethics Policy Statement

It is our policy to maintain the highest level of moral, ethical and legal standards in the conduct of our business. Pursuant to our Corporate Governance Guidelines, the Board has adopted, and each director annually signs, a Business Ethics Policy Statement. The policy can be found on our website at [www.thetorocompany.com/corporategovernance](http://www.thetorocompany.com/corporategovernance).

## Code of Conduct and Code of Ethics for our CEO and Senior Financial Personnel



All of our directors and employees are required to comply with our Code of Conduct to help ensure that our business is conducted in accordance with the highest level of moral, ethical and legal standards. We also have a

23

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Table of Contents

Code of Ethics for our CEO and Senior Financial Personnel applicable to our CEO (our principal executive officer), our Vice President, Treasurer and Chief Financial Officer (our principal financial and accounting officer), and certain senior accounting and/or treasury personnel who are also bound by the provisions set forth in the Code of Conduct relating to ethical conduct, conflicts of interest and compliance with the law. Our Code of Conduct and Code of Ethics for our CEO and Senior Financial Personnel can be found on our website at [www.thetorocompany.com/corporategovernance](http://www.thetorocompany.com/corporategovernance). If necessary, we intend to satisfy the disclosure requirements of Item 5.05 of the Current Report on Form 8-K regarding amendments to or waivers from any provision of our Code of Ethics for our CEO and Senior Financial Personnel by posting such information on our website at [www.thetorocompany.com/corporategovernance](http://www.thetorocompany.com/corporategovernance).

Communications with Directors; Complaint Procedures

Shareholders and other interested parties may communicate directly with our Board of Directors, our Board committees, our non-employee directors as a group, our Lead Independent Director, or any other specified individual director in writing by (i) sending a letter addressed to The Toro Company Board of Directors, c/o Vice President, Secretary and General Counsel, 8111 Lyndale Avenue South, Bloomington, Minnesota, 55420-1196, or (ii) sending an email to [boardofdirectors@toro.com](mailto:boardofdirectors@toro.com). Substantive communications, such as corporate governance matters or potential issues relating to accounting, internal controls or other auditing matters, are forwarded by our Vice President, Secretary and General Counsel to the relevant director(s) as appropriate. Communications not requiring the substantive attention of our Board, such as employment inquiries, sales solicitations, donation requests, questions about our products, and other such matters, are handled directly by our Management.

We maintain procedures to receive, retain and treat complaints regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. A 24-hour, toll-free confidential ethics hotline and a confidential web-based reporting tool are available for the submission of concerns regarding these and other matters by any employee. Concerns and questions received through these methods relating to accounting, internal accounting controls or auditing matters are promptly brought to the attention of the Chair of the Audit Committee and are handled in accordance with procedures established by the Audit Committee. Complete information regarding our complaint procedures is contained within our Code of Conduct, which may be accessed on our website as noted above.

Table of Contents

**PROPOSAL TWO—RATIFICATION OF SELECTION OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

## Selection of Independent Registered Public Accounting Firm

The Audit Committee selects our external auditor. In this regard, the Audit Committee evaluates the qualifications, performance and independence of our external auditor and determines whether to re-engage the current external auditor. As part of its evaluation, the Audit Committee considers, among other factors, the quality and efficiency of the services provided by the external auditor, including the performance, technical expertise, and industry knowledge of the lead audit partner and the audit team assigned to our account; the overall strength and reputation of the external audit firm; the external auditor's global capabilities relative to our business; the external auditor's knowledge of our operations; and the external auditor's fees. Upon consideration of these and other factors, the Audit Committee has selected KPMG LLP, or KPMG, to serve as our external auditor for fiscal 2019. Although it is not required to do so, the Board, as it traditionally has done in the past, is asking our shareholders to ratify the Audit Committee's selection of KPMG. If our shareholders do not ratify the selection of KPMG, the Audit Committee may reconsider its selection. Even if the selection is ratified by our shareholders, the Audit Committee in its discretion may change the appointment at any time during the year if it determines that such a change would be in the best interests of our Company and our shareholders.

Representatives of KPMG will be present at the annual meeting to answer appropriate questions. They also will have the opportunity to make a statement if they wish to do so.

## Audit, Audit-Related, Tax and Other Fees

The following table sets forth the aggregate fees billed to us for professional services rendered by KPMG for fiscal 2018 and fiscal 2017 by category, as described in the footnotes to the table.

	Fiscal 2018	Fiscal 2017
Audit Fees <sup>(1)</sup>	\$1,375,200	\$1,248,875
Audit-Related Fees <sup>(2)</sup>	\$55,300	\$63,425
Tax Fees <sup>(3)</sup>	\$225,705	\$193,246
All Other Fees	\$0	\$0

(1) Consist of aggregate fees billed, or expected to be billed, for fiscal 2018 and fiscal 2017, respectively, for professional services rendered by KPMG in connection with the audit of our consolidated financial statements included in our Annual Report on Form 10-K, review of our condensed consolidated financial statements included in our Quarterly Reports on Form 10-Q, statutory audits of certain of our international subsidiaries and the audit of internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

(2) Consist of aggregate fees billed for KPMG's services related to audits of employee benefit plans and various other attestation procedures.

(3) Consist of aggregate fees billed for professional services rendered by KPMG for permissible domestic and international tax consulting, planning and compliance services. The amount for fiscal 2017 has been revised to reflect additional professional compliance services rendered by KPMG.

## Pre-Approval Policies and Procedures

The Audit Committee Charter requires that the Audit Committee review and approve in advance the retention of our external auditor for all types of audit and non-audit services to be performed for us by our external auditor and approve the fees for such services, other than de minimus non-audit services allowed by relevant rules and regulations. All of the services provided to us by KPMG for which we paid Audit Fees, Audit-Related Fees and Tax Fees, as shown in the table above, were pre-approved by the Audit Committee in accordance with this pre-approval policy and procedures.

The Board of Directors Recommends a Vote FOR Ratification of the Selection of  
KPMG LLP as Our Independent Registered Public Accounting Firm for Fiscal 2019

Table of Contents

Audit Committee Report

This report is furnished by the Audit Committee with respect to our financial statements for fiscal 2018.

Ultimate responsibility for good corporate governance rests with our Board, whose primary roles and responsibilities involve oversight, counseling and providing direction to our Management in the best long-term interests of Toro and our shareholders. As set forth in its charter, the Audit Committee assists our Board by, among other things, providing oversight of our accounting and financial reporting processes, the audits of our annual financial statements and internal control over financial reporting. A copy of our Audit Committee Charter, which further describes the role and responsibilities of the Audit Committee, is available online at [www.thetorocompany.com/corporategovernance](http://www.thetorocompany.com/corporategovernance).

Management is primarily responsible for the establishment and maintenance of our accounting and financial reporting processes, including our internal controls, and for the preparation and presentation of complete and accurate financial statements. Our independent registered public accounting firm, KPMG LLP, is responsible for performing an independent audit of our financial statements and internal controls over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (U.S.), or PCAOB, expressing an opinion as to the conformity of the financial statements with generally accepted accounting principles, and expressing an opinion on the effectiveness of our internal control over financial reporting.

In performing its oversight role, the Audit Committee has (i) reviewed and discussed with Management our audited financial statements for fiscal 2018, (ii) discussed with representatives of KPMG the matters required to be discussed by PCAOB Auditing Standard 1301 (Communications with Audit Committees), (iii) received the written disclosures and the letters from KPMG required by applicable requirements of the PCAOB regarding KPMG's communications with the Audit Committee concerning KPMG's independence, and (iv) discussed with representatives of KPMG its independence and concluded that it is independent from Toro and its Management.

Based on the review and discussions referred to in the foregoing paragraph and subject to the limitations on its responsibilities set forth in its charter, the Audit Committee recommended to our Board that our audited financial statements for fiscal 2018 be included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2018, for filing with the SEC.

Audit Committee:

Janet K. Cooper (Chair)

Gary L. Ellis

Katherine J. Harless

D. Christian Koch

Michael G. Vale

26

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Table of Contents**PROPOSAL THREE—ADVISORY APPROVAL OF OUR EXECUTIVE COMPENSATION**

The Board is providing our shareholders with an advisory vote on our executive compensation pursuant to the Dodd-Frank Wall Street Consumer Protection Act, or the Dodd-Frank Act, and Section 14A of the Exchange Act. This advisory vote, commonly known as a say-on-pay vote, is a non-binding vote on the compensation paid to our named executive officers as set forth in the “Executive Compensation” section of this proxy statement beginning on page 29, including in the “Compensation Discussion and Analysis,” the accompanying compensation tables and the corresponding narrative discussion and footnotes. At the 2018 Annual Meeting of Shareholders held on March 20, 2018, over 95% of the votes cast by our shareholders were in favor of our say-on-pay vote. The Compensation & Human Resources Committee believes that such results affirmed shareholder support of our approach to executive compensation.

Our executive compensation program is generally designed to attract, retain, motivate and reward highly qualified and talented executive officers, including our named executive officers, that will enable us to perform better than our competitors and drive long-term shareholder value. The underlying core principles of our executive compensation program include (i) aligning the interests of our executives with those of our shareholders and linking pay to performance by providing compensation opportunities that are tied directly to the achievement of financial performance goals and long-term stock price performance and (ii) providing competitive compensation opportunities targeted at the market 50th percentile for both individual elements of compensation and total direct compensation at target levels of financial performance, which we believe allows us to attract and retain the necessary executive talent while motivating and rewarding the accomplishment of annual and long-term financial performance goals and maintaining an appropriate cost structure. The “Compensation Discussion and Analysis,” beginning on page 29, describes our executive compensation program and the executive compensation decisions made by the Compensation & Human Resources Committee in fiscal 2018 in more detail. Important considerations include:

- A substantial portion of total executive compensation is linked directly to performance and requires that minimum, or threshold, levels of performance be met in order for there to be any payout.
- All incentive compensation awards, including annual and long-term equity and incentive awards, are subject to a “clawback” mechanism.
- None of our executive officers have employment or severance agreements or arrangements, except as provided for in our change in control severance compensation policy, or CIC policy.
- We do not provide tax “gross-up” payments under our CIC policy or in connection with any annual or long-term compensation, benefits or perquisites provided to our executive officers.
- Our executive officers receive only modest perquisites.
- We maintain stock ownership guidelines for each of our executive officers.
- Our insider trading policy prohibits executive officers and directors from purchasing Toro securities on margin, borrowing against any account in which Toro securities are held, or pledging Toro securities as collateral for a loan.
- Our insider trading policy prohibits employees, executive officers and directors from purchasing any financial instruments (including without limitation collars, equity swaps, prepaid variable forward contracts, and exchange funds) that are designed to hedge or offset any decrease in the market value of Toro securities.
- We have an independent Compensation & Human Resources Committee.
- We utilize an independent external compensation consultant.

We believe that our executive compensation objectives and core principles have resulted in an executive compensation program and related decisions that have appropriately incentivized the achievement of financial goals and produced financial results that have benefited our Company and our shareholders and are expected to drive long-term shareholder value.

Table of Contents

Accordingly, the Board recommends that our shareholders vote in favor of the say-on-pay vote as set forth in the following resolution:

RESOLVED, that our shareholders approve, on an advisory basis, the compensation paid to our named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including in the “Compensation Discussion and Analysis,” the accompanying compensation tables and the corresponding narrative discussion and footnotes, and any related material disclosed in this proxy statement.

Shareholders are not voting to approve or disapprove the Board’s recommendation. As this is an advisory vote, the outcome of the vote is not binding on us with respect to future executive compensation decisions, including those relating to our named executive officers, or otherwise. Our Compensation & Human Resources Committee and Board expect to take into account the outcome of the vote when considering future executive compensation decisions.

In accordance with the result of the advisory vote on the frequency of the say-on-pay vote, which was conducted at the Company’s 2017 Annual Meeting of Shareholders, the Board of Directors has determined that the Company will continue to conduct an executive compensation advisory vote on an annual basis. Accordingly, the next say-on-pay vote will occur in 2020 in connection with our 2020 Annual Meeting of Shareholders.

**The Board of Directors Recommends a Vote FOR Approval, on an Advisory Basis, of our Executive Compensation, or Say-On-Pay Vote.**

Table of Contents

**EXECUTIVE COMPENSATION**

Compensation & Human Resources Committee Report

The Compensation & Human Resources Committee has reviewed and discussed the “Compensation Discussion and Analysis” with Management and recommended to the Board that the “Compensation Discussion and Analysis” be included in this proxy statement and in our Annual Report on Form 10-K for the fiscal year ended October 31, 2018.

Compensation & Human Resources Committee:

Christopher A. Twomey (Chair)

Robert C. Buhrmaster

Jeffrey M. Ettinger

James C. O'Rourke

Gregg W. Steinhafel

Compensation Discussion and Analysis

Overview. In this Compensation Discussion and Analysis, or CD&A, we describe key principles and approaches used to determine elements of compensation paid or awarded to and earned by the following named executive officers whose compensation is set forth in the “Summary Compensation Table” beginning on page 44.

- Richard M. Olson, Chairman of the Board, President and CEO;
- Renee J. Peterson, Vice President, Treasurer and Chief Financial Officer;
- William E. Brown, Jr., Group Vice President, Residential and Contractor Businesses;
- Timothy P. Dordell, Vice President, Secretary and General Counsel; and
- Bradley A. Hamilton, Group Vice President, Commercial, International and Irrigation Businesses.

Michael J. Hoffman, former Executive Chairman of the Board, retired at the beginning of the fiscal year on November 3, 2017. At that time, Mr. Olson became Chairman of the Board in addition to his previous role as President and CEO. Mr. Brown retired from our Company on January 11, 2019.

This CD&A should be read in conjunction with the accompanying compensation tables, corresponding footnotes and narrative discussion, as they provide information and context to the compensation disclosures. Additionally, this CD&A should be read in conjunction with our advisory vote on executive compensation, which can be found under “Proposal Three—Advisory Approval of our Executive Compensation” beginning on page 27.

Executive Compensation Program Objectives. Our guiding compensation philosophy is to maintain an executive compensation program that allows us to attract, retain, motivate and reward highly qualified and talented executive officers that will enable us to perform better than our competitors and drive long-term shareholder value. The following core principles provide a framework for our executive compensation program:

- Align interests of executive officers with shareholder interests;
- Link pay to performance; and
- Provide competitive target total direct compensation opportunities.

Highlights of Compensation Practices. At our 2018 Annual Meeting of Shareholders, our shareholders had the opportunity to vote on an advisory say-on-pay proposal and over 95% of the votes cast were in favor of such proposal.



The Compensation & Human Resources Committee believes that such results affirmed shareholder support of our approach to executive compensation and did not believe it was necessary to, and, therefore, did not, make any significant changes to our executive compensation program in fiscal 2018.

29

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Table of Contents

**What We Do:**

We link a substantial portion of total executive compensation directly to performance and require that minimum, or threshold, levels of performance be met in order for there to be any payout.

We utilize a mix of earnings, revenue and asset-based performance measures for our annual cash incentive awards and long-term performance share awards.

We cap annual cash incentive award and long-term performance share award payouts at 200% of the target award.

We utilize three-year performance share awards, the payouts of which vary based on performance and are contingent upon the achievement of three-year performance goals.

We utilize stock options, the value of which is contingent upon long-term stock price performance since stock options only have value if the stock price at the time of exercise exceeds the exercise price; the exercise price reflects the closing price of our common stock, as reported on the NYSE, on the date of grant.

We impose a minimum vesting requirement of three years or more for our time-based equity awards.

We maintain stock ownership guidelines for our executive officers.

We include clawback provisions within our annual cash incentive and long-term incentive awards.

We have an independent Compensation & Human Resources Committee which is advised by an independent external compensation consultant.

We provide our shareholders with the opportunity to cast an advisory say-on-pay vote on an annual basis.

**What We Don't Do:**

We do not allow repricing or exchange of any equity awards without shareholder approval.

We do not have individual employment agreements with any executive officer.

We do not provide excessive perquisites.

We do not provide gross-up payments to cover personal income taxes or excise taxes that pertain to executive or severance benefits.

We do not allow hedging or pledging of Toro securities by our executive officers.

Pay Levels/Mix. A significant portion of our executive officers' target total direct compensation is comprised of short- and long-term variable performance-based, or at risk, compensation to directly link their pay to performance. Generally, higher level executive positions have a higher level of pay that is performance-based. For fiscal 2018:

82% of the target total direct compensation for our Chairman and CEO was performance-based, and  
67% of the target total direct compensation for our other named executive officers was performance-based.

Table of Contents

Short-term variable compensation is in the form of annual cash incentive awards. Long-term variable compensation is in the form of stock options that vest over three years and three-year performance share awards. We target pay opportunities within a competitive range of the market 50<sup>th</sup> percentile for each element of compensation and in total; however, variance around the market 50<sup>th</sup> percentile is dependent on a number of factors. We also provide our executive officers with modest perquisites and market competitive retirement and benefit plans.

Fiscal 2018 Financial Highlights. Below are brief financial highlights for fiscal 2018.

Financial Highlights	Fiscal 2017	Fiscal 2018	Change
Net sales (in millions)	\$2,505.2	\$2,618.7	+4.5%
Diluted net EPS	\$2.41	\$2.50	+3.7%
Corporate average net assets turns*	2.3953	2.4442	Increase of 0.0467 points
Quarterly cash dividend	\$0.175	\$0.20	+14.3%

\*Corporate average net asset turns is defined as total cost of goods sold divided by the twelve month average of net assets less the twelve month average of cash and cash equivalents. Net assets is defined as the fiscal year monthly average of total assets less accounts payables, accrued liabilities, income taxes and other long-term liabilities.

Diluted net earnings per share was significantly impacted by the enactment of U.S. Tax Reform during fiscal 2018. Additionally, during fiscal 2018, we returned just over \$245 million to shareholders through the payment of approximately \$85 million in dividends and the repurchase of approximately \$160 million of our common stock.

Impact on Annual Cash Incentives. As described in more detail under “Annual Cash Incentives” beginning on page 34, our fiscal 2018 corporate performance (reflective of adjustments made based on defined adjustment events) as compared to the corporate performance measures established for the fiscal 2018 annual cash incentive awards, is indicated in the table below with the resulting corporate performance payout of 95.46% of target:

Corporate:	Threshold			Actual
	(40% payout)	Target (100% payout)	Maximum (200% payout)	
Fiscal 2018 Performance Measures				\$2.50
50% diluted net EPS	\$2.05	\$2.56	\$3.07	(between threshold and target) 3.9%
30% corporate revenue growth	2.6%	4.6% - 5.6%	7.6%	(between threshold and target) 2.4442
20% corporate average net assets turns	1.99903	2.3518	2.70457	(between target and maximum)
Corporate performance payout				95.46% of target



Table of Contents

Impact on Long-Term Incentives. As described in more detail under “Long-Term Incentives—Performance Measures for the Performance Period Ending in Fiscal 2018” beginning on page 40, the three-year cumulative corporate performance for fiscal 2016 to fiscal 2018 as compared to the cumulative corporate performance measures established for the fiscal 2016 to fiscal 2018 performance period, is indicated in the table below, with the resulting payout of 118.03% of target:

Fiscal 2016 to Fiscal 2018 Performance Measures	Threshold (40% payout)	Target (100% payout)	Maximum (200% payout)	Actual
40% cumulative corporate net income plus after-tax interest (in thousands)*	\$ 589,557	\$ 736,946	\$ 835,203	\$777,190 (between target and maximum)
30% cumulative corporate revenue (in thousands)	\$7,413,228	\$ 7,837,197	\$ 8,328,472	\$7,499,509 (between threshold and target)
30% cumulative corporate average net assets turns	5.62696	6.61995	7.61294	7.14910 (between target and maximum)
Fiscal 2016 to fiscal 2018 performance share award payout				118.03% of target

\*Cumulative corporate net income plus after-tax interest is defined as net earnings plus interest expense, net of taxes. How We Make Compensation Decisions. There are several elements to our executive officer compensation decision-making, which we believe allow us to most effectively implement our established compensation philosophy. The Compensation & Human Resources Committee, its independent external compensation consultant and Management all have a role in decision making for executive officer compensation. These roles are described below:

Role of the Compensation & Human Resources Committee. The Compensation & Human Resources Committee, which is comprised solely of independent directors, oversees our executive compensation program. Within its duties, the Committee approves compensation for each of our executive officers. In addition, compensation approved by the Committee for our Chairman and CEO is submitted to the independent directors of the Board for ratification. In doing so, the Committee:

- Approves the total direct executive compensation package for each executive officer, including his or her base salary, annual cash incentive award and long-term incentive awards;
- Reviews and approves corporate and division financial performance measures, weightings, goals and performance adjustment events, if any, related to our annual and long-term incentive awards;
- Reviews and approves annual cash incentive award payouts and long-term performance share award payouts;
- Evaluates market competitiveness of each of our executive officer’s compensation (in total and by each individual element); and
- Evaluates proposed changes to other elements of our executive compensation program.

During fiscal 2018, the Committee received input from Willis Towers Watson, its independent external compensation consultant, and our Management, including our Chairman and CEO, Vice President, Human Resources and Distributor Development and our Managing Director, Total Rewards and Employee Services.

**Role of the Independent External Compensation Consultant.** The Committee has sole authority to hire consultants, approve their fees and determine the nature and scope of their work. The Committee may replace consultants or hire additional consultants at any time.

A representative from Willis Towers Watson attended two of the four Committee meetings in fiscal 2018, including attendance in executive session without Management present, and generally communicated with the Chair of the Committee in advance of, and/or following, such Committee meetings. During fiscal 2018, Willis Towers Watson reviewed and discussed executive compensation structure and trends with Management and the Committee and provided market data for all of our executive officers, including our named executive officers, along with a comparison of those executive officers' current base salaries, target total cash compensation and total direct compensation to the market 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles. Additionally, during fiscal 2018, Willis Towers Watson reviewed and discussed executive officer compensation recommendations made by Management in advance of applicable Committee meetings and participated in discussions at the Committee meetings regarding those recommendations. Willis Towers Watson is engaged by the Committee from time to time to

Table of Contents

perform other compensation consulting services, which in fiscal 2018 included a review of non-employee director compensation and an assessment of risk as it relates to our incentive plans.

**Role of Management.** Management's role is to provide current compensation information and information regarding executive officer duties and responsibilities to Willis Towers Watson and provide analysis and recommendations on executive officer compensation to the Committee based on the comparison to market; the executive's level of professional experience; the executive's duties and responsibilities; individual performance; tenure in the position; corporate, division and/or plant performance, as applicable; internal pay comparisons; and outside market factors, including general economic conditions. None of our executive officers provides input or recommendations with respect to his or her own compensation.

**Use of Market Data.** Since one of the objectives of our executive compensation program is to provide market competitive compensation opportunities, during fiscal 2018 the Committee used market data provided by Willis Towers Watson to help evaluate and make compensation decisions. Market data, which is size-adjusted, is provided by Willis Towers Watson through its executive compensation database, which includes over 1,000 participating companies. We believe that the market for our executive officer talent is not limited to the manufacturing industry; therefore, we do not focus specifically on manufacturing companies within the database, nor do we identify a separate group of peer companies within the manufacturing industry for executive compensation purposes. The market data provided by Willis Towers Watson was in aggregate form and, therefore, individual data for participating companies in the survey was not considered when determining executive officer compensation in total or for any individual officer or element.

**Elements of Our Executive Compensation Program.** During fiscal 2018, our executive compensation program consisted of the following key elements: base salary, annual cash incentive, long-term incentives in the form of stock options and performance share awards, health and welfare benefits, retirement plans and perquisites. The following table provides some of the key characteristics of and purpose for each element along with some key actions taken during fiscal 2018.

Element	Key Characteristics	Purpose	Key Fiscal 2018 Actions
Base Salary	A fixed amount, paid in cash and reviewed annually and, if appropriate, adjusted.	Provide a source of fixed income that is market competitive and reflects scope and responsibility of the position held.	Named executive officers received base salary increases ranging from 3.0% to 22.4% of their then current annual base salaries.
Annual Cash Incentive	A variable, short-term element of compensation that is payable in cash based on achievement of key pre-established annual corporate financial goals and for division participants, division financial goals.	Motivate and reward our executive officers for achievement of annual financial business goals intended to drive overall company and division performance.	Target awards as a percent of base salary for named executive officers were established at 55% to 110% of fiscal year base salary.  Corporate performance measures and weightings were established for Messrs. Olson, Dordell, Brown and Ms. Peterson for fiscal 2018. Corporate and division performance measures and weightings were established for Mr. Hamilton for fiscal 2018.
Long-Term Incentives	A variable, long-term element of compensation that is provided in the	Align the interests of our executive officers with our	Our named executive officers were granted stock options and

<p>form of stock options and performance share awards. Stock options are time-based and vest no more frequently than ratably over three years and performance share awards are payable based on achievement of cumulative financial goals after three years and are paid out in shares of our common stock.</p>	<p>shareholders; encourage focus on long-term company financial performance measures that are deemed strategically and operationally important to our company; promote retention of our executive officers; and encourage significant ownership of our common stock.</p>	<p>performance share awards. Corporate performance measures and weightings were established for all of our named executive officers receiving performance share awards for our fiscal 2018 to fiscal 2020 performance period.</p>
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<p>Health and Welfare Benefits</p>	<p>Includes medical and dental insurance; life, accidental death and dismemberment insurance; and disability insurance.</p>	<p>Provide competitive health and welfare benefits.</p>	<p>No significant changes were made to health and welfare benefits.</p>
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<p>Retirement Plans</p>	<p>Includes a defined contribution retirement plan and certain nonqualified retirement plans.</p>	<p>Provide an opportunity for employees to save and prepare financially for retirement.</p>	<p>No significant changes were made to retirement plans.</p>
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Table of Contents

Element	Key Characteristics	Purpose	Key Fiscal 2018 Actions
Perquisites	Includes a financial planning allowance, company products, company-leased automobile, and executive physical.	Assist in promoting the personal financial security of our executive officers; promote the personal use of our products by our executive officers; promote the attraction and retention of our executive officers; and promote the wellbeing of our executive officers.	No significant changes were made to perquisites.

We describe each key element of our executive compensation program in more detail in the following pages, along with the compensation decisions made in fiscal 2018.

## Base Salary.

**General.** We review base salaries for our executive officers on an annual basis to ensure that they remain market competitive and reflect the scope and responsibility of their positions. Base salaries for our executive officers are reviewed and discussed at the regular meeting of the Compensation & Human Resources Committee held in November or December of each year. Additionally, base salaries for executive officers are reviewed upon a change in an executive officer's responsibilities or role.

**Discussion and Analysis.** When we recommended fiscal 2018 base salaries for our named executive officers, the following factors were considered: current base salary, positioning relative to competitive market data, scope and complexity of the position, experience, tenure, historical and current levels of function, division, and individual performance and internal pay comparisons. Fiscal 2018 annual base salaries, fiscal 2018 annual base salary increases compared to fiscal 2017 and fiscal 2018 annual base salaries compared to the market 50<sup>th</sup> percentile are provided in the table below for our named executive officers:

Name	Fiscal 2018		Fiscal 2018 Annual Base Salary	
	Annual Base Salary	Fiscal 2018 Annual Base Salary Change Compared to Fiscal 2017	Fiscal 2018 Annual Base Salary	Fiscal 2018 Annual Base Salary Compared to Market 50 <sup>th</sup> Percentile
Mr. Olson	\$875,000	12.9%		7% below
Ms. Peterson	\$520,000	3.0%		At market
Mr. Brown	\$445,000	3.0%		7% below
Mr. Dordell	\$438,000	3.1%		At market
Mr. Hamilton	\$350,000	22.4%		21% below

Mr. Olson's fiscal 2018 annual base salary was increased to \$875,000. The Compensation & Human Resources Committee believes that this increase in base salary is reflective of the significant increase in his duties and responsibilities as he transitioned into the Chairman and CEO role, while also bringing his base salary closer to the market 50<sup>th</sup> percentile. In early fiscal 2018, Mr. Hamilton was promoted from vice president to group vice president, resulting in increased responsibility for multiple divisions, including our commercial and international divisions, from general management of one division, our commercial division. As a result, the Compensation & Human Resources Committee increased his base salary \$350,000 to reflect the significant increase in his duties and responsibilities. The Committee believes that Mr. Hamilton's position compared to the market 50<sup>th</sup> percentile is appropriate given the short period of time in which he has been a group vice president. Base salary increases for our other named executive officers were intended to bring their respective annual base salaries to, or closer to, the market 50<sup>th</sup> percentile.

Annual Cash Incentives.

General. To help ensure we meet our compensation program objective of linking pay to performance, we provide the opportunity for our executive officers to earn an annual cash incentive, which is designed to motivate attainment and reward accomplishment of annual financial business goals. This is done by establishing financial goals that link to our annual financial plan.

At the beginning of each fiscal year, during its regular meeting held in November or December, the Compensation & Human Resources Committee approves a target award expressed as a percentage of base salary for each executive officer. Additionally, the Committee approves specific performance measures, weightings, goals and performance adjustment events, if any, at the corporate and division level for the fiscal year. The performance measures are derived from a list of performance measures included in our Amended and Restated 2010 Plan. For each performance measure, a threshold, target and maximum level of performance is defined, which have corresponding payout percentages. During the fiscal year, the Committee reviews progress against the established goals. Following the end of the fiscal year, at its regular meeting held in November or

Table of Contents

December, Management presents a summary of, and the Committee certifies, actual performance as compared to the established corporate and division goals along with a corresponding payout percentage, which is expressed as a percent of target performance. Annual cash incentive awards are paid out to the executive officers in December, and are contingent on the issuance of our press release announcing our financial results for the recently completed fiscal year.

**Target Awards.** When determining the target award for each executive officer, the Committee reviews the market 50<sup>th</sup> percentile for target total cash compensation (sum of base salary and target annual cash incentive) for the position in which such executive officer serves. Our objective is that when we achieve target levels of performance for each measure, resulting total cash compensation paid to our executive officers is within a reasonable range of the market 50<sup>th</sup> percentile. Actual total cash compensation will generally exceed the market 50<sup>th</sup> percentile if actual performance for each measure exceeds established target annual financial business goals and will generally be less than the market 50<sup>th</sup> percentile if actual performance for each measure is below established target annual financial business goals. In addition to considering the market data, the Committee also considers experience, tenure, scope and complexity of the executive officer's position, individual contributions and performance, as well as internal pay equity. Actual awards can range from 0% (if threshold levels of performance are not met) to 200% of the target award (if maximum levels of performance are met for all of the performance measures) and the resulting competitiveness of total cash compensation will also vary accordingly.

In December 2017, the Committee approved the fiscal 2018 target awards shown below for our named executive officers. The fiscal 2018 target annual cash incentive award, the change in the target award percentage, the resulting fiscal 2018 target total cash compensation (sum of fiscal 2018 annual base salary and fiscal 2018 target annual cash incentive award) and the comparison to the market 50<sup>th</sup> percentile are also provided.

Name	Fiscal 2018 Annual Base Salary	Fiscal 2018 Award at Target (% of base salary)	Fiscal 2018		Fiscal 2018 Target	
			Target Award Percentage Change	Incentive Award	Total Cash Compensation Compared to Market	50 <sup>th</sup> Percentile
Mr. Olson	\$875,000	110	% +10%	\$ 962,500	\$ 1,837,500	10% below
Ms. Peterson	\$520,000	75	% No change	\$ 390,000	\$ 910,000	2% above
Mr. Brown	\$445,000	65	% No change	\$ 289,250	\$ 734,250	9% below
Mr. Dordell	\$438,000	60	% No change	\$ 262,800	\$ 700,800	2% below
Mr. Hamilton	\$350,000	55	% +5%	\$ 192,500	\$ 542,500	26% below

We believe that the fiscal 2018 target annual cash incentive awards are generally within a reasonable range of market competitive annual cash incentive opportunities given all relevant factors described previously and that the differentiation of target awards among our named executive officers was appropriate given the scope and responsibility of their respective positions.

The change in the target award for Mr. Olson was made to reflect the significant increase in his duties and responsibilities as he transitioned to the Chairman and CEO role. The change in the target award for Mr. Hamilton, in

combination with his base salary increase was intended to bring his target total cash compensation closer to the market 50<sup>th</sup> percentile, while also allowing for the opportunity for additional increases to align with the market 50<sup>th</sup> percentile in subsequent years as he gains experience as a group vice president. The Committee determined it was appropriate to keep the target awards for fiscal 2018 consistent with those in fiscal 2017 for the other named executive officers.

Details regarding actual total cash compensation for fiscal 2018 can be found under “Annual Cash Incentives—Actual Cash Compensation Discussion and Analysis” on page 38.

**Performance Measures, Weightings and Goals.** Each year, the Committee determines performance measures, weightings, goals and performance adjustment events, if any, for the annual cash incentive awards. We believe that in order to motivate our executive officers to achieve annual financial business goals, it is important to select performance measures designed to motivate our executive officers to achieve our annual financial plan, as well as drive shareholder value. Key drivers in our annual financial plan for fiscal 2018 included profitability, revenue growth, and asset efficiency. Accordingly, the corporate performance measures for fiscal 2018 were diluted net EPS, corporate revenue growth, and corporate average net assets turns, and the division performance measures were division controllable profit contribution, or CPC, division revenue growth, and division working capital as a percent of sales. Division CPC is defined as divisional operating earnings plus divisional other income, net. Division working capital as a percent of sales is defined as the twelve month average

Table of Contents

divisional receivables divided by divisional net sales plus the twelve month average divisional inventories divided by divisional net sales minus the total Company accounts payables divided by the total Company net sales.

For fiscal 2018, due to our continued focus on profitability, as well as our historically strong results on the corporate and division asset efficiency performance measures, the Committee decided that changes to the corporate and division weightings for the fiscal 2018 annual cash incentive award performance measures were appropriate. Therefore, the Committee increased the weighting of the corporate and division profitability performance measure by 10% and decreased the weighting of the corporate and division asset efficiency performance measure by 10%. As a result, for the fiscal 2018 annual cash incentive awards, the corporate and division performance measures and weightings, as approved by the Committee, were as follows:

Corporate Performance Measures	Division Performance Measures
50% diluted net EPS	50% division CPC
30% corporate revenue growth	30% division revenue growth
20% corporate average net assets turns	20% division working capital as a percent of sales

Our executive officers with all corporate responsibilities, which includes Messrs. Olson, Brown, Dordell and Ms. Peterson, had 100% of their annual cash incentive tied to corporate performance. Our executive officers with divisional responsibility, which included Mr. Hamilton, generally had 50% of their annual cash incentive tied to corporate performance and 50% tied to division performance. As a newer group vice president, with two divisions in his span of responsibilities, the Committee determined that, for fiscal 2018, it was appropriate for Mr. Hamilton to have a portion of his award tied to each of corporate and division performance. Toward the end of fiscal 2018, Mr. Hamilton gained responsibility for our irrigation and lighting division. As a result of the additional division and to encourage overall enterprise leadership and focus, Mr. Hamilton's performance will be 100% tied to corporate performance for fiscal 2019.

At its meeting in December 2017, the Committee's first meeting of fiscal 2018, threshold, target and maximum goals were established by the Committee for each corporate and division performance measure. Target levels of performance were established based on our annual financial business plan, which takes into account our prior fiscal year financial business results, our competitive situation and the general outlook for our business during the current fiscal year. Additionally, the following thresholds affect whether or not a corporate and/or division payout is made:

- The diluted net EPS threshold goal, which was set at 80% of plan, must have been met in order for there to be any payout for corporate participants and any corporate portion of the payout for division participants; and
- For division participants to receive a division payout, CPC for the respective division must have been at least 80% of the plan, or the threshold level of performance established for that division.

As provided for and in accordance with our Amended and Restated 2010 Plan, the Committee also established specific adjustment events for determining corporate performance payouts and division performance payouts under the fiscal 2018 annual cash incentive awards. With respect to corporate adjustment events, the impact of an acquisition on the fiscal 2018 annual cash incentive award payouts was determined by the size of the acquisition based on projected annual revenue for the first twelve months following the closing of an acquisition, as follows:

- The impact of any acquisition greater than \$10 million was to be excluded from the payout calculation, unless such acquisition was included in the fiscal 2018 goals; and
- The impact of any acquisition less than \$10 million was to be included in the payout calculation.

In addition, any externally driven changes in accounting principles and standards were to be excluded if the cumulative net impact on the payout of all such accounting adjustments affected the award payout by more than 2%.

With respect to division adjustment events, the impact of any acquisition was excluded from the payout calculation and the impact of any currency fluctuations from assumed foreign currency exchange rate plan levels was excluded from the payout calculation.

Following the December 2017 Compensation & Human Resources Committee meeting, Management determined that certain performance goals that were previously approved by the Committee for the fiscal 2018 annual cash incentive awards no longer aligned with the expected performance of our Company for fiscal 2018

Table of Contents

primarily due to expected financial statement implications as a result of the Tax Cuts and Job Act (the “Tax Act”) that was signed into law on December 22, 2017, which was after such performance goals were approved by the Committee for fiscal 2018. Management’s analysis of the expected financial statement impact due to the Tax Act occurred during the first quarter of fiscal 2018 and was included as part of the external guidance issued in connection with our fiscal 2018 first quarter earnings release that was issued on February 22, 2018 and also incorporated into our fiscal 2018 annual financial plan. To ensure ongoing alignment between pay and performance, including that the performance goals and adjustment events for the fiscal 2018 annual cash incentive awards reflected such expected financial statement impacts, the Committee approved revised fiscal 2018 performance goals and adjustment events for the fiscal 2018 annual cash incentive awards.

Corporate Performance Measures and Goals. The table below summarizes the fiscal 2018 corporate performance measures and goals applicable to our executive officers. In fiscal 2018, pursuant to the defined adjustment events, the impact of our acquisition of L.T. Rich Products, Inc., that was completed on March 19, 2018, was excluded from the payout calculation.

	Threshold	Target	Maximum	
Corporate:				
Fiscal 2018 Performance Measures	(40% payout)	(100% payout)	(200% payout)	Actual
				\$2.50
50% diluted net EPS	\$2.05	\$2.56	\$3.07	(between threshold and target) 3.9%
30% corporate revenue growth	2.6%	4.6% - 5.6%	7.6%	(between threshold and target) 2.4442
20% corporate average net assets turns	1.99903	2.3518	2.70457	(between target and maximum)
Corporate performance payout				95.46% of target

Corporate Performance Discussion and Analysis. When applying the weightings of the performance measures to actual results, the resulting corporate performance payout for fiscal 2018 was 95.46% of target. All of our named executive officers except for Mr. Hamilton had 100% of their annual cash incentive awards tied to corporate performance for all of fiscal 2018 and therefore, their annual cash incentive award payouts were at 95.46% of target. Applying their individual target awards as a percent of base salary, this translated to payouts of approximately 105% for Mr. Olson, 72% for Ms. Peterson, and 62% and 57% of fiscal year base salaries for Messrs. Brown and Dordell, respectively.

Division Performance Measures and Goals. In addition to corporate performance, our executives with division responsibility had 50% of their annual cash incentive award based on actual division performance against division performance goals established for the individual divisions over which they have responsibility.

The division performance measures for fiscal 2018 included division CPC, division revenue growth and division working capital as a percent of sales. Threshold, target and maximum goals were established for each of these performance measures for each division at the beginning of the fiscal year. The specific performances for each of the revenue growth, CPC and working capital as a percent of sales for each division are maintained as proprietary and confidential. The Committee believes that disclosure of these specific performance goals would represent competitive harm to us as division goals and results are not publicly disclosed and are competitively sensitive.

Reflected below are the payout percentages associated with various levels of performance.

Level of Performance Payout %	
Threshold	40% of target
Target	100%
Maximum	200% of target

For each performance measure, the target goal reflects the annual financial plan goal set for each respective division. Based on historical performance, the Committee believes the attainment of the target performance level, while uncertain, could be reasonably anticipated. Threshold goals represent the minimum level of performance necessary for there to be a payout for that performance measure and the Committee believes the threshold goals are likely to be achieved. The threshold goal for CPC represented 80% of the plan set for each respective division. Threshold goals for revenue growth and working capital as a percent of sales represented the minimum level of performance that the Committee determined would be appropriate in order to receive a payout. Maximum goals represented the level of performance at which payouts are 200% of the target award. Even if actual results exceed the maximum goals, the payouts are capped at 200% of the target award. The maximum goal for CPC represents 120% of the plan set for each respective division. Maximum goals for revenue growth and working



Table of Contents

capital as a percent of sales represent levels of performance at which the Committee determines a payout of 200% of target would be appropriate. The Committee believes that the maximum goals established for each division performance measure are more aggressive goals.

Discussion and Analysis of Division Performance Applicable to Mr. Hamilton. At the beginning of fiscal 2018, Mr. Hamilton had responsibility for two of our divisions. In fiscal 2018, the annual cash incentive award for Mr. Hamilton was based 50% on corporate performance and 50% on division performance of those divisions for which he had management responsibility in fiscal 2018. Division performance for Mr. Hamilton was weighted to generally reflect the difference between the size and profitability of these divisions, as well as the time that Mr. Hamilton devoted to these divisions.

The table below reflects how the Commercial and International divisions, the divisions over which Mr. Hamilton had responsibility for in fiscal 2018, performed against the performance measures for fiscal 2018.

Performance Measure	Commercial	International
Division CPC	Between target and maximum	Between threshold and target
Division revenue growth	Between target and maximum	At target
Division working capital as a percent of sales	Between target and maximum	Between threshold and target

When applying the weightings assigned to each division to the division payout percentages and factoring in the corporate payout, the resulting overall payout percent for Mr. Hamilton was 97.5% for fiscal 2018, or 54% of fiscal year base salary.

In late fiscal 2018, Mr. Hamilton also gained responsibility for our irrigation businesses. Given the breadth of his responsibilities, and to encourage overall enterprise leadership and focus, the Committee determined that Mr. Hamilton's fiscal 2019 annual cash incentive award will be based 100% on corporate results.

Actual Cash Compensation Discussion and Analysis. Fiscal 2018 actual total cash compensation (which represents the sum of fiscal 2018 base salary and fiscal 2018 actual total annual cash incentive award payout) and its position relative to the market 50<sup>th</sup> percentile is reflected in the table below.

Name	Fiscal 2018	Fiscal 2018 Actual	Fiscal 2018	Fiscal 2018 Actual Total Cash
	Base Salary	Total Annual Cash	Actual Total	Compensation Compared to
	Salary	Incentive Award Payout	Cash Compensation	Market 50 <sup>th</sup> Percentile
Mr. Olson	\$ 875,000	\$ 918,803	\$ 1,793,803	12% below
Ms. Peterson	\$ 520,000	\$ 372,294	\$ 892,294	At market
Mr. Brown	\$ 445,000	\$ 276,118	\$ 721,118	11% below
Mr. Dordell	\$ 438,000	\$ 250,869	\$ 688,869	4% below
Mr. Hamilton	\$ 350,000	\$ 187,721	\$ 537,721	27% below

#### Long-Term Incentives.

General. We believe that our use of long-term incentives tied to our common stock, along with our stock ownership guidelines, help align the interests of our executive officers with the interest of our shareholders. Therefore, we provide the opportunity for our executive officers to earn market competitive long-term incentives in the form of both stock options and performance share awards that are granted annually. With respect to annual grants of long-term incentive awards, in addition to considering market data, we also consider for each executive officer the scope and

complexity of the position, experience, tenure, internal pay comparisons, function, division, and individual performance and historical targeted grant levels.

Generally, one-half of the long-term incentive value is delivered in the form of stock options and one-half is delivered in the form of performance share awards. We believe this mix of equity strikes the appropriate balance between rewarding increases in the market value of our common stock and achievement of company specific performance measures. Actual value realized from our long-term incentive awards may vary from the market 50<sup>th</sup> percentile based on the price of our common stock for stock options and performance against our three-year cumulative financial business plan in the year of the grant for performance share awards. In addition to stock options and performance share awards, we occasionally use awards of restricted stock units in connection with the hiring of new executive officers, mid-year promotions of existing executive officers, leadership transition or retention purposes.

## Table of Contents

**Stock Options.** Each year at its regular meeting held in November or December, the Compensation & Human Resources Committee approves the annual grant of stock options to our executive officers. If we deliver strong shareholder returns, our stock price presumably will increase, thereby increasing the value of the stock options and executives' resulting total compensation. If shareholder value is not delivered and our stock price does not increase, the options will have no value. Annual stock options are generally granted on the date of the Committee's meeting or, if such meeting is held before the issuance of our press release announcing our financial results for the recently completed fiscal year, on the second business day following the issuance of the press release, with the day of such press release being the first day, and have a per share exercise price equal to the closing price of our common stock, as reported on the NYSE, on the date of grant.

To determine the number of options to award to our executive officers, we start with a total target value of stock options and divide that value by the expected value of an option to purchase a share of our common stock, using a Black-Scholes option pricing method. The calculation of the expected value is based on the average closing price of our common stock, as reported on the NYSE, over the last three months of the prior fiscal year. The three-month average allows for smoothing of any volatility that may be associated with a particular date's stock price.

Stock options granted to our executive officers on an annual basis vest in three equal installments on each of the first, second and third year anniversaries of the date of grant and are exercisable for a period of ten years following the date of grant. The three-year vesting schedule is consistent with the three-year performance period for our performance share awards. We believe the three-year period for both stock options and performance share awards provides retention value and focuses our executive officers on attainment of long-term performance. The Compensation & Human Resources Committee periodically reviews option vesting schedules and terms.

**Performance Share Awards.** Each year at its regular meeting held in November or December, the Compensation & Human Resources Committee approves the annual grant of performance share awards to our executive officers. Performance share awards are paid out in shares of our common stock following completion of a three-year performance period if certain performance goals are achieved. Performance goals are derived from performance measures included in our Amended and Restated 2010 Plan.

To determine the number of target performance share awards to be granted to our executive officers, we start with a total target value of performance share awards to be delivered. That value is divided by an expected value per share to determine the number of performance share awards to grant at target. The expected value per share is equal to the average closing price of our common stock, as reported on the NYSE, over the last three months of the prior fiscal year.

At the beginning of the first fiscal year in the three-year period, the Compensation & Human Resources Committee establishes performance measures, weightings, goals and performance adjustment events, if any, for the entire three-year performance period, as well as thresholds and maximums. Factors we consider when establishing the performance goals for the three-year period include our prior fiscal year financial business results and long-term strategic plan outlook, our competitive situation and anticipated state of our business, and any anticipated business opportunities. During the fiscal year, the Committee reviews progress against the performance goals for performance share awards for all outstanding performance periods. At the end of the three-year performance period, at the Committee's regular meeting in November or December, Management presents a summary of, and the Committee certifies, performance against the performance goals, including the applicability of any performance adjustment events, and a corresponding payout, which is expressed as a percent of target. Shares of our common stock are paid out to the executive officers in December and are contingent on the issuance of our press release announcing our financial results for the recently completed fiscal year. Actual payouts for performance share awards can range from 0% (if the threshold levels of performance are not met) to 200% of the target award (if maximum levels of performance are met).

**Restricted Stock Unit Awards.** Occasionally, the Committee will approve awards of restricted stock units for use in certain situations, including hiring of new executive officers, mid-year promotions of existing executive officers, leadership transition or retention purposes. Vesting may be either performance-based or time-based. Performance-based awards are derived from one or more of the performance measures included in our Amended and Restated 2010 Plan. Under our Amended and Restated 2010 Plan, restricted stock units with time-based vesting can vest no more rapidly than ratably over three years.

**Fiscal 2018 Grants.** The number of stock options granted to our named executive officers for fiscal 2018 can be found in the “Grants of Plan-Based Awards for Fiscal 2018” table beginning on page 46. The per share exercise price of the options is \$65.93, which is equal to the closing price of our common stock, as reported on

## Table of Contents

the NYSE, on the date of grant, which for fiscal 2018 was December 8, 2017. The grant date fair value of those awards can be found in the “Summary Compensation Table” beginning on page 44 in the “Option Awards” column and in the “Grants of Plan-Based Awards for Fiscal 2018” table beginning on page 46 in the “Grant Date Fair Value of Stock and Option Awards” column.

On December 5, 2017, the Committee granted performance share awards for the fiscal 2018 through fiscal 2020 performance period. The number of performance shares at threshold, target and maximum levels of performance for the fiscal 2018 through fiscal 2020 performance period can be found in the “Grants of Plan-Based Awards for Fiscal 2018” table beginning on page 46 in the “Estimated Future Payouts Under Equity Incentive Plan Awards” columns. The grant date fair value of those awards at target can be found in the “Summary Compensation Table” beginning on page 44 in the “Stock Awards” column“ and in the Grants of Plan-Based Awards for Fiscal 2018” table beginning on page 46 in the “Grant Date Fair Value of Stock and Option Awards” column.

Performance Measures for the Performance Period Beginning in Fiscal 2018. Consistent with the changes made on weightings for the annual cash incentives, due to our Company’s continued focus on profitability, as well as our historically strong results on the corporate asset efficiency performance measures, as measured by corporate average net assets turns, the Committee increased the weighting of the cumulative corporate net income plus after-tax interest performance measure by 10% and decreased the weighting of the cumulative corporate average net assets turns performance measure by 10%.

As a result, for the fiscal 2018 to fiscal 2020 performance share awards, the following corporate performance measures and weightings were established for all of our executive officers:

- 50% cumulative corporate net income plus after-tax interest;
- 30% cumulative corporate revenue; and
- 20% cumulative corporate average net assets turns.

At its meeting in December 2017, threshold, target and maximum goals were established for the fiscal 2018 to fiscal 2020 performance share awards. The specific performance goals for the three-year award period are maintained by us as proprietary and confidential. The Committee believes that disclosure of these specific performance goals would represent competitive harm to us as such cumulative corporate goals and results are not publicly disclosed and are competitively sensitive. For each performance measure, the target goal reflects the cumulative three-year financial plan set at the corporate level. Based on historical performance, the Committee believes the attainment of target performance levels, while uncertain, could be reasonably anticipated. Threshold goals represent the minimum level of performance necessary for there to be a payout for that performance measure and the Committee believes the threshold goals are likely to be achieved. Maximum goals represent the performances at which payouts are 200% of the target award. Even if actual results exceed the maximum goals, the payouts are capped at 200% of the target award. Maximum goals represent levels of performance at which the Committee determined a payout of 200% of target would be appropriate. The Committee believes that the maximum goals established are more aggressive goals.

In addition to approving performance measures, goals and weightings, the Committee also established, in accordance with our Amended and Restated 2010 Plan, specific corporate adjustment events for determining payouts under the fiscal 2018 to fiscal 2020 performance share awards. The impact of acquisitions on the evaluation of performance will be determined based on the size of the acquisition as determined by projected annual revenue for the first twelve months after the closing of an acquisition as follows:

- The entire impact of any acquisition greater than \$50 million will be excluded from the payout calculation for the entire performance period unless the acquisition was included in the annual financial plan and cumulative goals;
- All impacts for acquisitions less than \$10 million will be included in the payout calculation for the entire performance period; and

For acquisitions between \$10 million and \$50 million:

- the impact will be excluded from the payout calculation if the transaction closes during the third year of the three-year term; and
- if the transaction closes in the first or second year of the performance period, the impact will be included in the payout calculation with the exception of any transaction costs incurred.

40

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Table of Contents

Any externally driven changes in accounting principles and standards will be excluded from the evaluation of performance if the cumulative net impact on the payout of all such accounting adjustments affects the award payout by more than 2%, unless such accounting change was included in the annual plan and cumulative goals.

Similar to actions taken with respect to the fiscal 2018 annual cash incentive awards, the Committee approved revised performance goals and adjustment events for the fiscal 2018 to fiscal 2020 performance share awards to primarily account for the expected financial impact of the Tax Act.

Performance Measures for the Performance Period Ending in Fiscal 2018. The performance share awards that were granted in fiscal 2016 for the fiscal 2016 to fiscal 2018 performance period were approved for payout upon the Committee's certification of performance against the goals and impact of any adjustment events at its meeting on December 4, 2018. The performance share awards were paid out after our fiscal 2018 financial results were released on December 6, 2018. A summary of the performance shares paid out to our named executive officers for the fiscal 2016 to fiscal 2018 performance period, and the value realized on vesting for those awards, can be found in the "Option Exercises and Stock Vested for Fiscal 2018" table beginning on page 49 in the "Number of Shares Acquired on Vesting" and "Value Realized on Vesting" columns, respectively.

The table below outlines the corporate performance measures and weightings, as well as threshold, target and maximum goals that were established by the Committee at the beginning of fiscal 2016, along with actual levels of performance, for the fiscal 2016 to fiscal 2018 performance share awards.

	Threshold	Target	Maximum	
Fiscal 2016 to Fiscal 2018	(40%	(100%	(200%	
Performance Measures	payout)	payout)	payout)	Actual
40% cumulative corporate net income plus				\$777,190
after-tax interest (in thousands)	\$589,557	\$736,946	\$835,203	(between target and maximum)
30% cumulative corporate revenue				\$7,499,509
(in thousands)	\$7,413,228	\$7,837,197	\$8,328,472	(between threshold and target)
30% cumulative corporate average				7.14910
net assets turns	5.62696	6.61995	7.61294	(between target and maximum)
Fiscal 2016 to fiscal 2018 performance share award payout				118.03% of target

Corporate Performance Discussion and Analysis. When applying the actual performance against the weightings of the performance measures, the fiscal 2016 to fiscal 2018 payout was 118.03% of target. As a result, all of our named executive officers received a performance share payout that was 118.03% of target.

Target Total Direct Compensation. As described previously, when analyzing compensation, we look at base salary, target total cash compensation and target total direct compensation in comparison to the market 50<sup>th</sup> percentile when establishing new base salary levels, target annual cash incentive awards and long-term incentive awards. Actual value realized from long-term incentives is dependent on the stock price at the time of exercise for stock option grants and actual payout of performance share awards at the end of the three-year term, which is dependent on actual cumulative performance against established performance goals. Therefore, it is difficult to assess actual total direct compensation on an annual basis in comparison to the market since the market data may have changed significantly when actual long-term incentive results are fully realized. We believe it is important to continue to review target total direct

compensation when establishing long-term incentive grants. The fiscal 2018 target total direct compensation (sum of actual base salary, target annual cash incentive and target value of equity awards), for each named executive officer is compared to the market 50<sup>th</sup> percentile in the table below.

Name	Fiscal 2018 Target Total	Comparison to
	Direct Compensation	Market 50 <sup>th</sup> Percentile
Mr. Olson	\$ 4,937,500	9% below
Ms. Peterson	\$ 1,770,000	2% below
Mr. Brown	\$ 1,334,250	11% below
Mr. Dordell	\$ 1,275,800	3% below
Mr. Hamilton	\$ 972,500	25% below

Health, Welfare and Retirement Benefits and All Other Compensation.

Health and Welfare Benefits. We believe that providing competitive health and welfare benefits at a reasonable cost is an important part of any employee’s compensation package and promotes employee health. Our executive officers participate in the same health and welfare benefits as our full-time office salaried



## Table of Contents

employees. These health and welfare benefits for fiscal 2018 included medical and dental insurance; life, accidental death and dismemberment insurance; and disability insurance. These benefits, including plan design and cost, are analyzed annually.

**Retirement Benefits.** We believe that it is important to allow our employees, including our executive officers, the opportunity to save for retirement through our IS&ESOP, which is our defined contribution plan. The majority of our U.S.-based employees participate in the IS&ESOP and certain other employees that are members of a collectively bargained agreement or employees of certain of our subsidiaries participate in different retirement plans. For 2018, the IS&ESOP included a 401(k) plan with a company match and two other annual discretionary company contributions, which included an investment savings contribution and an ESOP contribution. In early fiscal 2019, the Company announced a change to our IS&ESOP, including an increase to the company matching contribution and elimination of the ESOP contribution for the 2019 plan year. Company contributions for fiscal 2018 to our IS&ESOP on behalf of our named executive officers can be found under “All Other Compensation for Fiscal 2018” beginning on page 45.

**Nonqualified Deferred Compensation Plans.** To help ensure our executive officers’ ability to provide financial security and save for retirement, we maintain three nonqualified deferred compensation plans, which include: The Toro Company Deferred Compensation Plan, or Deferred Plan, The Toro Company Deferred Compensation Plan for Officers, or the Deferred Plan for Officers and The Toro Company Supplemental Benefit Plan, or Supplemental Benefit Plan. These plans, which are unsecured and unfunded, are described under “Nonqualified Deferred Compensation for Fiscal 2018” on page 50.

**Perquisites.** The perquisites provided during fiscal 2018 to our executive officers are described in “All Other Compensation for Fiscal 2018” on page 45. We believe these perquisites are an important part of our overall compensation package and help us attract, retain and reward top executive talent. Specifically, we believe that these perquisites assist in promoting the financial security and health of our executive officers and encourage the use and promotion of our products.

**Charitable Giving.** We support charitable organizations for our employees through our matching gift program. The program for our executive officers provides that a gift or gifts by an executive officer and his/her spouse to one or more tax exempt 501(c)(3) charitable organizations located in the United States will be matched by us in an aggregate amount of up to \$3,000 per year.

**Employment, Severance and Change in Control Arrangements.** Our executive officers do not have any employment or severance agreements or arrangements other than as provided for in our CIC policy and other than certain change in control provisions in our equity plans. Accordingly, our executive officers do not have the right to cash severance or additional benefits in connection with a termination of employment except in connection with a change in control of our Company as described under “Potential Payments Upon Termination or Change in Control—Change in Control” beginning on page 55. Each executive officer is a party to our standard confidentiality, invention and non-compete agreement.

We believe our CIC policy and other change in control arrangements are important because they provide retention incentives and additional monetary motivation to complete a transaction that the Board believes is in the best interests of our Company and shareholders. We believe it is in the best interests of our Company and our shareholders to assure that we will have the continued dedication of our executives, notwithstanding the possibility, threat or occurrence of a change in control. We also believe it is imperative to diminish any distraction of our executives by virtue of the personal uncertainties and risks, including personal financial risks, created by a pending or threatened change in control of the Company.

Our CIC policy incorporates a “double trigger” mechanism and provides for a severance payment for an executive officer if within three years after a change in control an executive officer’s employment is terminated by us without just cause or the executive officer terminates his or her employment for good reason, or if such termination occurs at the request of a third party who had taken steps reasonably calculated to effect the change in control. Our CIC policy does not provide a “gross-up” for 280G excise taxes and, as a condition to the payment of any severance payment, the executive officer must execute a release of claims against us.

In addition to our CIC policy, we also have change in control provisions in our Amended and Restated 2010 Plan and prior equity plans and individual award agreements that apply to our executives, as well as other employees, that provide for immediate vesting acceleration upon a change in control. More information regarding these provisions is also provided under “Potential Payments Upon Termination or Change in Control—Change in Control” beginning on page 55. Because the immediate vesting of stock options, restricted stock units and certain

## Table of Contents

other awards is triggered by the change in control itself, and is not dependent upon a termination of employment within a certain protection period, these acceleration provisions are known as a “single trigger” change in control arrangements. We believe these “single trigger” change in control arrangements for equity awards granted provide important retention incentives during what can often be an uncertain time for employees and provide executives with additional monetary motivation to focus on and complete a transaction that our Board believes is in the best interests of our shareholders rather than seeking new employment opportunities. If an executive were to leave prior to the completion of the change in control, non-vested options or other awards held by the executive would terminate.

The Compensation & Human Resources Committee reviews our change of control arrangements periodically to ensure that they remain appropriate.

**Stock Ownership Guidelines.** We maintain stock ownership guidelines that enable us to meet our compensation objective of aligning the interests of our executive officers with those of our shareholders. Our stock ownership guidelines are described in more detail in “Stock Ownership Guidelines” on page 62. As of October 31, 2018, each of our executive officers required to meet the stock ownership guidelines had met such guideline.

**Hedging and Pledging.** Our insider trading policy prohibits officers and directors from purchasing Toro securities on margin, borrowing against any account in which Toro securities are held, or pledging Toro securities as collateral for a loan. In addition, our insider trading policy prohibits employees (including executive officers) and directors from purchasing any financial instruments (including, without limitation, prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of Toro securities.

**Tax Deductibility of Compensation.** Prior to the enactment of the Tax Act, in designing our executive compensation program, we considered the deductibility of executive compensation under Code Section 162(m). At the time the Compensation & Human Resources Committee made compensation decisions for our executive officers for fiscal 2018, Code Section 162(m) provided that we may not deduct each year more than \$1 million paid to certain executive officers, other than “performance-based” compensation meeting certain requirements. The Tax Act, among other things, repealed the exemption from Code Section 162(m)’s deduction limit for “performance-based” compensation for taxable years beginning after December 31, 2017. Our compensation plans were designed with the intention of satisfying the requirements for “performance-based” compensation as defined in Code Section 162(m) prior to the effective date of the Tax Act so that such awards would be exempt from the Code Section 162(m) deduction limitation. While we designed these plans to operate in this manner, the Committee may administer the plans in a manner that does not satisfy such requirements in order to achieve a result that the Committee determines to be appropriate, including by revising performance goals and/or adjustment events as needed to ensure our pay practices continue to align with performance. While the Committee desires to structure performance-based compensation in a manner intended to be exempt from the Code Section 162(m) deduction limit, no assurance can be given that compensation intended to satisfy the requirements for exemption from Code Section 162(m) in fact will.

Despite the changes to Section 162(m) as a result of the Tax Act, consistent with our executive compensation philosophy of linking pay to performance and aligning executive interests with those of our shareholders, we currently expect that we will continue to structure our executive compensation program so that a significant portion of total executive compensation is linked to the performance of our Company.

## Assessment of Risk Related to Compensation Programs

We determined that our compensation policies, practices and programs and related compensation governance structure work together to minimize exposure to excessive risk while appropriately pursuing growth, profitability and asset efficiency strategies that emphasize shareholder value creation. In reaching such determination, we noted that (i) base salaries for all employees are targeted within a competitive range of the market 50<sup>th</sup> percentile, are not subject to

performance risk and, for non-executive employees, constitute the largest part of their total compensation; (ii) incentive or variable compensation awarded to our executive officers, which constitutes the largest part of their total compensation, is appropriately balanced between annual and long-term performance and cash and equity compensation, and utilizes performance measures and goals that are drivers of long-term success for our Company and our shareholders; and (iii) caps on performance-based awards are used.

Table of Contents

## Summary Compensation Table

The following table summarizes compensation for each of the last three fiscal years awarded to, earned by or paid to individuals who served as our principal executive officer and principal financial officer and each of the other three most highly compensated executive officers during fiscal 2018. We collectively refer to these executive officers as our “named executive officers” for fiscal 2018. The “Compensation Discussion and Analysis” beginning on page 29 provides additional information about compensation paid to our named executive officers. Amounts in this Summary Compensation Table are not reduced to reflect elections, if any, by the named executive officers to defer receipt of base salary, annual cash incentive award payouts or performance share award payouts. Elections to defer these forms of compensation are described in more detail under “Nonqualified Deferred Compensation for Fiscal 2018” beginning on page 50. Earnings on nonqualified deferred compensation are not on a basis that is considered to be above-market or preferential.

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Non-Equity					Total (\$)
				Awards <sup>(2)</sup> (\$)	Option Awards <sup>(3)</sup> (\$)	Incentive Plan Compensation <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)</sup> (\$)		
Richard M. Olson, Chairman of the Board,	2018	\$875,000	\$0	\$1,576,140	\$1,531,904	\$918,803	\$171,279	\$5,073,126	
	2017	\$775,000	\$0	\$1,553,820	\$1,586,826	\$991,535	\$159,528	\$5,066,709	
Renee J. Peterson, President and CEO	2016	\$500,000	\$0	\$489,951	\$412,032	\$330,840	\$97,589	\$1,830,412	
	2018	\$520,000	\$0	\$438,180	\$424,864	\$372,294	\$113,540	\$1,868,878	
Renee J. Peterson, VP, Treasurer and CFO	2017	\$505,000	\$0	\$474,324	\$482,427	\$484,573	\$125,644	\$2,071,968	
	2016	\$485,000	\$0	\$435,512	\$365,632	\$300,858	\$97,709	\$1,684,711	
William E. Brown, Jr., <sup>(6)</sup>	2018	\$445,000	\$0	\$307,380	\$296,208	\$276,118	\$93,908	\$1,418,614	
	2017	\$432,000	\$0	\$332,572	\$337,566	\$359,256	\$94,636	\$1,556,030	
Timothy P. Dordell, Group VP, Residential and Contractor Businesses	2016	\$410,000	\$0	\$272,195	\$228,288	\$236,974	\$85,149	\$1,232,606	
	2018	\$438,000	\$0	\$294,300	\$284,240	\$250,869	\$101,810	\$1,369,219	
Timothy P. Dordell, VP, Secretary and General Counsel	2017	\$425,000	\$0	\$316,216	\$322,947	\$326,247	\$97,503	\$1,487,913	
	2016	\$410,000	\$0	\$256,641	\$217,152	\$186,511	\$84,506	\$1,154,810	
Bradley A. Hamilton <sup>(7)</sup>	2018	\$350,000	\$0	\$215,820	\$212,432	\$187,721	\$76,656	\$1,042,629	

Group VP,  
Commercial,

International and  
Irrigation Businesses

- (1) We generally do not pay discretionary bonuses or bonuses that are subjectively determined; we did not pay any such bonuses to any of our named executive officers in any of the last three most recently completed fiscal years. Annual cash incentive award payouts based on performance against pre-established financial performance goals are reported in the “Non-Equity Incentive Plan Compensation” column.
- (2) Amounts reported for fiscal 2018 for our named executive officers represent the grant date fair value, computed in accordance with FASB ASC Topic 718, of performance share awards granted for the fiscal 2018 to fiscal 2020 performance period assuming target levels of performance. Amounts reported for each named executive officer and each award for fiscal 2018 are set forth in the “Grants of Plan-Based Awards for Fiscal 2018” table beginning on page 46 in the “Grant Date Fair Value of Stock and Option Awards” column. Provided below is the fiscal 2018 grant date fair value of performance share awards for the fiscal 2018 to fiscal 2020 performance period assuming maximum levels of performance. The maximum value is calculated using the number of shares reflected in the “Maximum” column of the “Estimated Future Payouts Under Equity Incentive Plan Awards” section of the “Grants of Plan-Based Awards for Fiscal 2018” table beginning on page 46 and the closing price of our common stock, as reported by the NYSE, on December 5, 2017, the grant date, of \$65.40.

Grant Date Fair Value at	
Name	Maximum Levels of Performance
Mr. Olson	\$ 3,152,280
Ms. Peterson	\$ 876,360
Mr. Brown	\$ 614,760
Mr. Dordell	\$ 588,600
Mr. Hamilton	\$ 431,640

- (3) Amounts reported represent the grant date fair value, computed in accordance with FASB ASC Topic 718, of option awards granted each fiscal year. Summarized in the table below are the specific assumptions used in the valuation of the option awards previously granted.

Table of Contents

Risk Free	Expected	Expected	Expected	Expected	Expected	Per Share
						Black-Scholes
Grant Date	Rate	Life	Volatility	Dividend	Yield	Value
12/08/2017	2.24 %	6.3 years	21.07 %	0.96	%	\$ 14.96
12/09/2016	2.13 %	6.3 years	22.37 %	0.97	%	\$ 13.29
12/04/2015	1.90 %	6.3 years	24.59 %	1.23	%	\$ 9.28

(4) Amounts reported represent annual cash incentive awards earned for each fiscal year, but paid during the following fiscal year or deferred. Annual cash incentive awards are calculated and paid based on performance against financial performance goals. Additional detail regarding our annual cash incentives is set forth in the “Annual Cash Incentives—Actual Cash Compensation Discussion and Analysis” on page 38.

(5) Amounts for fiscal 2018 are set forth below under “All Other Compensation for Fiscal 2018.”

(6) Mr. Brown retired from our Company on January 11, 2019.

(7) Mr. Hamilton was not a named executive officer in fiscal 2016 or fiscal 2017; therefore, his information is provided only for fiscal 2018.

#### All Other Compensation for Fiscal 2018

All other compensation for fiscal 2018 includes the value of Company contributions to our retirement plan(s), the value of modest perquisites provided and the matching portion by the Company for charitable donations by our named executive officers, all of which are described below.

Element	Description
Retirement Benefits	Under our IS&ESOP in 2018, we matched \$0.50 for each employee dollar contribution, up to an employee maximum of 4%. Additionally, the Company may make a discretionary investment fund and ESOP contribution. Employees are eligible to participate in the plan and receive company contributions, after 30 days of service. For certain employees whose compensation exceeds the IRS limit, we also provide a contribution into our nonqualified deferred compensation plans, the Supplemental Benefit Plan or the Deferred Plan, as applicable. Our nonqualified deferred compensation plans are described under “Nonqualified Deferred Compensation for Fiscal 2018” beginning on page 50.
Perquisites	<p>We provide our executive officers with modest perquisites, including:</p> <ul style="list-style-type: none"> <li>• Company-leased automobile—We pay all costs associated with leasing, operating, maintaining and insuring a company-leased automobile up to certain thresholds. Our executive officers are generally eligible for a new vehicle after 30 months and may choose to purchase the existing vehicle at book value plus payment of any miscellaneous expenses charged by our leasing company.</li> <li>• Financial planning—We encourage our executive officers to receive professional advice regarding their financial, tax and estate planning needs. Therefore, we pay up to a maximum defined amount for each of our executive officers to cover tax planning, tax return preparation, financial counseling and estate planning. Every three years, we will pay up to an additional 50% of the annual allowance. Annual allowance ranges from \$5,000 to \$15,000 depending on the level of the executive officer’s position.</li> <li>• Annual executive physical—To help ensure the health of our executive officers, we generally pay up to \$2,000 for approved physical exam expenses not covered by the executive officer’s health insurance.</li> </ul>

- Company products—To enable our executive officers the opportunity to become more familiar with our products and use those products on a regular basis, we provide certain Company products and related accessories for personal use at no cost; provided, however, that executive officers are responsible for applicable taxes attributable to the value of such products. The value of a product or accessory is generally deemed to be our distributor net price or its equivalent, which is also the price at which products are available to employees for purchase.
- Travel expenses—During fiscal 2018, we paid certain travel costs for spouses of our executive officers in connection with certain off-site meetings, such as an off-site Board of Directors meeting or other business-related meetings in which it was appropriate for a spouse to attend.

Charitable Giving We support charitable organizations for our employees through our matching gift program. The program for our executive officers provides that a gift or gifts by an executive officer and/or his or her spouse to one or more tax exempt 501(c)(3) charitable organizations located in the United States will be matched by us in an aggregate amount of up to \$3,000 per year.



Table of Contents

Specific amounts included in the fiscal 2018 “All Other Compensation” column of the “Summary Compensation Table” are in the table below.

Name	Nonqualified				Total
	IS&ESOP Contributions <sup>(1)</sup>	Plan Contributions <sup>(2)</sup>	Charitable Giving <sup>(3)</sup>	Perquisites <sup>(4)</sup>	
	(\$)	(\$)	(\$)	(\$)	(\$)
Mr. Olson	\$ 24,301	\$ 129,609	\$ 3,000	\$ 14,369	\$171,279
Ms. Peterson	\$ 24,301	\$ 54,137	\$ 3,000	\$ 32,102	\$113,540
Mr. Brown	\$ 19,229	\$ 44,086	\$ 3,000	\$ 27,593	\$93,908
Mr. Dordell	\$ 21,775	\$ 38,843	\$ 3,000	\$ 38,192	\$101,810
Mr. Hamilton	\$ 24,301	\$ 22,625	\$ 1,500	\$ 28,230	\$76,656

(1) Amounts reported represent Company (i) matching contributions, (ii) investment fund contributions, and (iii) ESOP contributions to the IS&ESOP.

(2) Amounts reported represent Company contributions to the Deferred Plan and Supplemental Benefit Plan.

(3) Amounts reported represent matching contributions for charitable donations made by our executive officers.

(4) Amounts reported represent Company paid amounts for automobile lease plus reportable income for personal use of the automobile; Company paid amounts for financial planning expenses and executive physical expenses; value of Company products received for personal use; and incremental travel costs paid by the Company for spouses of our executive officers in connection with certain off-site meetings, such as an off-site Board of Directors meeting or other business-related meetings in which it was appropriate for a spouse to attend.

#### Grants of Plan-Based Awards for Fiscal 2018

We currently grant cash and equity awards under our Amended and Restated 2010 Plan. During fiscal 2018, plan-based awards granted to our named executive officers included annual cash incentive awards, performance share awards, and stock option awards. More details on these grants can be found within the “Compensation Discussion and Analysis.”

The following table summarizes all plan-based awards granted to our named executive officers during fiscal 2018.

Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>	Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>	All Other Stock Awards:	All Other Option Awards:	Exercise Price of Underlying Stock or Option	Fair Value of Stock and Option
		Number of Shares of Stock or Underlying Stock	Number of Securities or Option		

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Name	Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Units (#)	Options <sup>(3)</sup> (#)	Awards <sup>(4)</sup> (\$/Sh)	Awards <sup>(5)(6)</sup> (\$)
Richard M. Olson Annual Cash Incentive Award	—	—	\$385,000	\$962,500	\$1,925,000						
Performance Share Award	12/02/17				9,640	24,100	48,200				\$1,576,140
Stock Options	12/02/17								102,400	\$65.93	\$1,531,904
Renee J. Peterson Annual Cash Incentive Award	—	—	\$156,000	\$390,000	\$780,000						
Performance Share Award	12/02/17				2,680	6,700	13,400				\$438,180
Stock Options	12/02/17								28,400	\$65.93	\$424,864
William E. Brown, Jr. Annual Cash Incentive Award	—	—	\$115,700	\$289,250	\$578,500						
Performance Share Award	12/02/17				1,880	4,700	9,400				\$307,380
Stock Options	12/02/17								19,800	\$65.93	\$296,208
Timothy P. Dordell Annual Cash Incentive Award	—	—	\$105,120	\$262,800	\$525,600						
Performance Share Award	12/02/17				1,800	4,500	9,000				\$294,300
Stock Options	12/02/17								19,000	\$65.93	\$284,240
Bradley A. Hamilton Annual Cash Incentive Award	—	—	\$77,000	\$192,500	\$385,000						

Incentive  
Award  
Performance  
Share

Award	12/01/17	1,320	3,300	6,600				\$215,820
Stock								
Options	12/01/17					14,200	\$65.93	\$212,432

(1) Amounts reported represent the range of payouts of annual cash incentive awards for fiscal 2018. Actual payouts for fiscal 2018 are included in the “Summary Compensation Table” beginning on page 44 in the “Non-Equity Incentive Plan Compensation” column.

46

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Table of Contents

- (2) Amounts reported represent the range of performance share award payouts for the fiscal 2018 to fiscal 2020 performance period. Information regarding the performance share awards is set forth within the “Compensation Discussion and Analysis” under “Long-Term Incentives—Performance Share Awards” on page 39.
- (3) Amounts reported represent stock options granted during fiscal 2018, which grant date was December 8, 2017, the second business day following the issuance of our press release announcing our financial results for fiscal 2017. Options have a ten-year term and vest ratably in three equal installments on each of the first, second and third year anniversaries of the date of grant. Additional information regarding stock options is set forth within the “Compensation Discussion and Analysis” under “Long-Term Incentives—Stock Options” on page 39.
- (4) Amounts reported represent the exercise price of stock options granted during fiscal 2018, which equals the closing price of our common stock, as reported on the NYSE, on December 8, 2017, the date of grant.
- (5) Amounts reported represent the grant date fair value of performance share awards at target granted for the fiscal 2018 to fiscal 2020 performance period based on the closing price of our common stock, as reported on the NYSE, on December 5, 2017, the date of grant, of \$65.40. These amounts are also set forth in the “Summary Compensation Table” beginning on page 44 in the “Stock Awards” column.
- (6) Amounts reported for option awards represent the grant date fair value of \$14.96 per share, computed in accordance with FASB ASC Topic 818, of option awards made for fiscal 2018. These amounts are also set forth in the “Summary Compensation Table” beginning on page 44 in the “Option Awards” column. The specific assumptions used in the valuation of the options are included in footnote 3 to the “Summary Compensation Table.”

Table of Contents

## Outstanding Equity Awards at Fiscal Year-End for 2018

The following table summarizes all outstanding equity awards previously granted to our named executive officers that were outstanding on October 31, 2018, the last day of fiscal 2018. Specifically, it reflects exercisable and unexercisable stock options, unvested restricted stock unit awards and unvested performance share awards.

Name	Option Awards				Stock Awards		Equity	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Exercised Options Unexercisable <sup>(1)</sup> (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(2)</sup> (\$)	Equity Incentive Plan Awards: Market or	Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(3)</sup> (\$)
Richard M. Olson								
Stock Options	7,780	0	\$10.1825	12/01/2019				
	13,200	0	\$15.8800	12/08/2020				
	14,000	0	\$14.1125	12/07/2021				
	12,600	0	\$21.0300	12/11/2022				
	12,000	0	\$29.7500	12/06/2023				
	20,000	0	\$31.3750	12/05/2024				
	29,600	14,800	\$38.8200	12/04/2025				
	39,800	79,600	\$56.5400	12/09/2026				
	0	102,400	\$65.9300	12/08/2027				
F' 17-F' 19 Performance								
Shares							37,848	\$2,131,978
F' 18-F' 20 Performance								
Shares							23,883	\$1,345,329
Renee J. Peterson								

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Stock Options	26,400	0	\$14.1125	12/07/2021		
	51,600	0	\$21.0300	12/11/2022		
	38,800	0	\$29.7500	12/06/2023		
	38,000	0	\$31.3750	12/05/2024		
	26,266	13,134	\$38.8200	12/04/2025		
	12,100	24,200	\$56.5400	12/09/2026		
	0	28,400	\$65.9300	12/08/2027		
F' 17-F' 19 Performance						
Shares					11,553	\$650,780
F' 18-F' 20 Performance						
Shares					6,639	\$373,975
William E. Brown, Jr.						
Stock Options	24,800	0	\$15.8800	12/08/2020		
	23,600	0	\$14.1125	12/07/2021		
	33,600	0	\$21.0300	12/11/2022		
	24,000	0	\$29.7500	12/06/2023		
	22,600	0	\$31.3750	12/05/2024		
	16,400	8,200	\$38.8200	12/04/2025		
	8,466	16,934	\$56.5400	12/09/2026		
	0	19,800	\$65.9300	12/08/2027		
F' 17-F' 19 Performance						
Shares					8,100	\$456,273
F' 18-F' 20 Performance						
Shares					4,657	\$262,329
Timothy P. Dordell						
Stock Options	31,000	0	\$21.0300	12/11/2022		
	24,000	0	\$29.7500	12/06/2023		
	23,800	0	\$31.3750	12/05/2024		
	15,600	7,800	\$38.8200	12/04/2025		
	8,100	16,200	\$56.5400	12/09/2026		
	0	19,000	\$65.9300	12/08/2027		
F' 17-F' 19 Performance						
Shares					7,702	\$433,854
F' 18-F' 20 Performance						
Shares					4,459	\$251,175
Bradley A. Hamilton						
Stock Options	3,340	0	\$15.8800	12/08/2020		
	3,340	0	\$15.8800	12/08/2020		
	3,480	0	\$14.1125	12/07/2021		
	2,600	0	\$21.0300	12/11/2022		
	1,940	0	\$29.7500	12/06/2023		
	1,940	0	\$29.7500	12/06/2023		
	2,230	0	\$31.3750	12/05/2024		
	7,200	3,600	\$38.8200	12/04/2025		
	3,400	6,800	\$56.5400	12/09/2026		
	0	14,200	\$65.9300	12/08/2027		
F' 17-F' 19 Performance						
Shares					3,187	\$179,524
F' 18-F' 20 Performance						
Shares					3,270	\$184,199



Table of Contents

(1) Stock options have a ten-year term and vest ratably in three equal installments on each of the first, second and third year anniversaries of the date of grant. The vesting schedule for options unexercisable as of October 31, 2018 is as follows:

Name	Grant Date	Option						Expiration Date
		12/04/2018	12/08/2018	12/09/2018	12/08/2019	12/09/2019	12/08/2020	
Mr. Olson	12/04/2015	14,800						12/04/2025
	12/09/2016			39,800		39,800		12/09/2026
	12/08/2017		34,133		34,133		34,134	12/08/2027
Ms. Peterson	12/04/2015	13,134						12/04/2025
	12/09/2016			12,100		12,100		12/09/2026
	12/08/2017		9,466		9,467		9,467	12/08/2027
Mr. Brown	12/04/2015	8,200						12/04/2025
	12/09/2016			8,467		8,467		12/09/2026
	12/08/2017		6,600		6,600		6,600	12/08/2027
Mr. Dordell	12/04/2015	7,800						12/04/2025
	12/09/2016			8,100		8,100		12/09/2026
	12/08/2017		6,333		6,333		6,334	12/08/2027
Mr. Hamilton	12/04/2015	3,600						12/04/2025
	12/09/2016			3,400		3,400		12/09/2026
	12/08/2017		4,733		4,733		4,734	12/08/2027

(2) Amounts reported represent the number of performance share awards that were in progress based on actual levels of performance for fiscal 2018 and financial plan levels of performance for fiscal 2019 and fiscal 2020. The fiscal 2017 to fiscal 2019 performance share awards will vest solely based on the accomplishment of the performance goals established for the three-year performance period, which will end on October 31, 2019. The fiscal 2018 to fiscal 2020 performance share awards will vest solely based on the accomplishment of the performance goals established for the three-year performance period, which will end on October 31, 2020.

(3) Amounts reported represent the value of performance share awards that were in progress based on the closing price of our common stock, as reported on the NYSE, on October 31, 2018, the last day of fiscal 2018, of \$56.33 per share.

## Option Exercises and Stock Vested for Fiscal 2018

The following table summarizes all of the stock options exercised during fiscal 2018, restricted stock unit awards that vested during fiscal 2018 and performance share awards that were paid out or deferred by our named executive officers for the fiscal 2016 to fiscal 2018 performance period.

Name	Option Awards <sup>(1)</sup>		Stock Awards <sup>(2)</sup>	
	Number of Shares	Value Realized On Acquired Exercise (\$)	Number of Shares	Value Realized on Acquired Vesting (\$)



	On Exercise (#)		on Vesting (#)	
Richard M. Olson				
F'16-F'18 Performance Share Award Payout			14,871	\$864,749
Renee J. Peterson				
F'16-F'18 Performance Share Award Payout			13,219	\$768,685
William E. Brown, Jr.				
Restricted Stock Unit Award			8,312	\$518,586
F'16-F'18 Performance Share Award Payout			8,262	\$480,435
Timothy P. Dordell				
Stock Option Exercises	90,800	\$4,410,236		
F'16-F'18 Performance Share Award Payout			7,789	\$452,930
Bradley A. Hamilton				
Stock Option Exercises	12,240	\$679,614		
F'16-F'18 Performance Share Award Payout			3,540	\$205,851

(1) The number of shares acquired upon exercise reflects the gross number of shares acquired absent any netting for shares surrendered to pay the option exercise price and/or satisfy tax withholding requirements. The value realized on exercise represents the gross number of shares acquired on exercise multiplied by the market price of our common stock on the exercise date, as reported on the NYSE, less the per share exercise price.

Table of Contents

(2) The number of shares acquired upon vesting reflects the gross number of shares acquired absent any netting of shares surrendered to satisfy tax withholding requirements. The value realized on vesting for performance share awards represents the gross number of shares acquired multiplied by the closing price of our common stock, as reported on the NYSE, on December 6, 2018 (the payout date for the fiscal 2016 to fiscal 2018 performance share awards) of \$58.15 per share. Amounts are not reduced to reflect any elections by our named executive officers to defer receipt of performance share award payouts. Under the Deferred Plan for Officers, Messrs. Olson, Brown, Hamilton and Dordell deferred receipt of 100% of their fiscal 2016 to fiscal 2018 performance share award payout. The material terms of the Deferred Plan for Officers are described under “Nonqualified Deferred Compensation for Fiscal 2018” set forth below. The value realized on vesting of the restricted stock unit award for Mr. Brown represents the gross number of shares acquired, including share dividend equivalents, multiplied by the closing price of our common stock, as reported on the NYSE, on September 17, 2018 of \$62.39 per share.

#### Nonqualified Deferred Compensation for Fiscal 2018

We maintain three nonqualified deferred compensation plans in which our named executive officers are eligible to participate.

**The Toro Company Deferred Compensation Plan.** This plan allows a select group of management or highly compensated employees, including our executive officers, to defer on a pre-tax basis his or her calendar year base salary and/or fiscal year annual cash incentive payout to a date in the future. Participants can defer up to 50% of calendar year base salary and up to 100% of the fiscal year annual cash incentive award payout. Deferred amounts are placed into a participant’s account and the participant may invest such deferred amounts in an array of funds that are consistent with or comparable to funds provided in the IS&ESOP. Deferral elections are made on an annual basis, before the beginning of the new fiscal year. Participants must elect a distribution date that is at least two years later than the date the compensation otherwise would have been received. Participants elect the frequency of payments and the number of payments to receive at the time of distribution. Participants are always 100% vested in their accounts.

**The Toro Company Deferred Compensation Plan for Officers.** This plan allows key employees that receive performance share awards, including our executive officers, an opportunity to defer receipt of shares of our common stock paid out under such awards to a date in the future. Participants can defer up to 100% of the common stock payout. Each year, before the third fiscal year of the three-year performance period begins, participants are given the opportunity to defer the receipt of those shares to some point in the future. Participants must elect a distribution date that is at least two years later than the date the shares would have been received. Participants elect the frequency of payment and the number of payments to receive at the time of distribution. Participants are always 100% vested in their accounts.

**The Toro Company Supplemental Benefit Plan.** This plan is maintained for the purpose of providing to a select group of management or highly compensated employees, including our executive officers, benefits in excess of the limitations on benefits and contributions imposed by Code Sections 401(a)(17) and 415. Our contributions to this plan are made on a calendar year basis, usually in the first calendar quarter following the end of the prior calendar year. For earnings above the compensation limit, we contribute the investment savings calculation and the ESOP fund calculation into this plan. Amounts contributed are placed into a participant’s account and the participant may invest such deferred amounts in an array of funds that are consistent with or comparable to funds provided in the IS&ESOP. Participants elect the funds into which these contributions are allocated, as well as the frequency of payments and the number of payments to receive at the time of distribution. Participants are always 100% vested in their accounts. Based on changes announced in early fiscal 2019 to the IS&ESOP, we expect to make changes to the Supplemental Benefit Plan for the 2019 Plan Year.

Table of Contents

Nonqualified Deferred Compensation for Fiscal 2018 Table. The following table reflects any named executive officer contributions and Company contributions for fiscal 2018 to our nonqualified deferred compensation plans.

Name	Executive	Registrant	Aggregate	Aggregate	Aggregate
	Contributions	Contributions	Earnings	Withdrawals/	Balance at
	in Last FY <sup>(1)</sup>	in Last FY <sup>(2)</sup>	in Last FY <sup>(3)</sup>	Distributions	Last
	(\$)	(\$)	(\$)	(\$)	FYE <sup>(4)</sup>
					(\$)
<b>Richard M. Olson</b>					
Deferred Plan	\$ 183,761	\$ 0	\$(10,316 )	\$ 0	\$553,430
Deferred Plan for Officers	\$ 864,749	\$ 0	\$(200,922)	\$ 0	\$2,637,411
Supplemental Benefit Plan	\$ 0	\$ 129,609	\$(10,817 )	\$ 0	\$440,259
<b>Renee J. Peterson</b>					
Deferred Plan	\$ 304,881		\$(38,942 )	\$ 0	\$2,016,518
Deferred Plan for Officers	\$ 0		\$(513,352)	\$ 0	\$4,659,790
Supplemental Benefit Plan	\$ 0	\$ 54,137	\$(7,616 )	\$ 0	\$388,004
<b>William E. Brown, Jr.</b>					
Deferred Plan	\$ 498,618	\$ 5,071	\$(712 )	\$ 0	\$3,548,932
Deferred Plan for Officers	\$ 480,435	\$ 0	\$(76,744 )	\$ 0	\$999,938
Supplemental Benefit Plan	\$ 0	\$ 39,015	\$(3,560 )	\$ 0	\$761,386
<b>Timothy P. Dordell</b>					
Deferred Plan	\$ 444,319	\$ 2,525	\$(37,513 )	\$ 0	\$3,705,611
Deferred Plan for Officers	\$ 452,930		\$(599,912)	\$ 0	\$6,117,007
Supplemental Benefit Plan	\$ 0	\$ 36,318	\$(2,125 )	\$ 0	\$389,551
<b>Bradley A. Hamilton</b>					
Deferred Plan	\$ 123,027	\$ 0	\$(1,610 )	\$ 0	\$121,417
Deferred Plan for Officers	\$ 205,851	\$ 0	\$0	\$ 0	\$205,851
Supplemental Benefit Plan	\$ 0	\$ 22,625	\$(322 )	\$ 0	\$75,087

(1) Executive contributions of base salary and annual cash incentive award payouts are included in the “Salary” column and the “Non-Equity Incentive Plan Compensation” column, respectively, of the “Summary Compensation Table” beginning on page 44. Executive contributions of the fiscal 2016 to fiscal 2018 performance share award payouts are included in the “Value Realized on Vesting” column of the “Option Exercises and Stock Vested for Fiscal 2018” table beginning on page 49, but are not included in the “Summary Compensation Table” as that table reflects the grant of the fiscal 2018 to fiscal 2020 performance share awards at target value. Our named executive officers deferred the following components of compensation during fiscal 2018:

Name	Deferrals	Amount (\$)
Mr. Olson	20% of the fiscal 2018 annual cash incentive award	\$183,761
	100% of the fiscal 2016 to 2018 performance share award	\$864,749
Ms. Peterson	22% of base salary from November through December 2017	\$19,067
	23% of base salary for January through October 2018	\$99,667
	50% of the fiscal 2018 annual cash incentive award	\$186,147

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Mr. Brown	50% of base salary from November 2017 through October 2018	\$222,500
	100% of the fiscal 2018 annual cash incentive award	\$276,118
	100% of the fiscal 2016 to 2018 performance share award	\$480,435
Mr. Dordell	40% of base salary from November through December 2017	\$29,200
	45% of base salary from January through October 2018	\$164,250
	100% of the fiscal 2018 annual cash incentive award	\$250,869
	100% of the fiscal 2016 to 2018 performance share award	\$452,930
Mr. Hamilton	10% of base pay from January 2018 through October 2018	\$29,166
	50% of the fiscal 2018 annual cash incentive award	\$93,861
	100% of the fiscal 2016 to 2018 performance share award	\$205,851

(2) Amounts reported represent Company contributions to the Supplemental Benefit Plan in fiscal 2018 and Company contributions to the Deferred Plan in fiscal 2018. These amounts are included in the “All Other Compensation” column of the “Summary Compensation Table” beginning on page 44 and the related footnote.

Table of Contents

(3) Aggregate earnings comprise interest, dividends, capital gains and appreciation/depreciation of investment results during the fiscal year based on each named executive officer's selected fund allocation. None of these amounts are included in the "Summary Compensation Table" because earnings were not preferential or above-market. The funds listed below are consistent with or comparable to those funds provided in our IS&ESOP and do not include any preferential or above-market interest. The rates for fiscal 2018 are provided below:

American Funds Europacific Growth Fund	-10.58%
Artisan Mid Cap Investor Fund	5.37%
Fidelity Treasury Only Money Market Fund	1.28%
Goldman Sachs Small Cap Value Institutional Fund	-1.19%
JPMorgan Mid Cap Value I Fund	-0.47%
JPMorgan Prime Money Market Fund	1.44%
PIMCO International Bond Fund (Unhedged)	-2.53%
T. Rowe Price International Discovery Fund	-8.28%
The Toro Company	-9.20%
Vanguard Explorer Fund Admiral Shares	12.24%
Vanguard Institutional Index Fund Institutional Shares	7.30%
Vanguard Mid Cap Index Fund Admiral Shares	2.42%
Vanguard Small Cap Index Fund Admiral Shares	3.34%
Vanguard Target Retirement 2015 Fund	-0.03%
Vanguard Target Retirement 2020 Fund	-0.03%
Vanguard Target Retirement 2025 Fund	-0.02%
Vanguard Target Retirement 2030 Fund	0.09%
Vanguard Target Retirement 2035 Fund	0.15%
Vanguard Target Retirement 2040 Fund	0.22%
Vanguard Target Retirement 2045 Fund	0.20%
Vanguard Target Retirement 2050 Fund	0.17%
Vanguard Target Retirement 2055 Fund	0.19%
Vanguard Target Retirement 2060 Fund	0.19%
Vanguard Target Retirement Income Fund	-0.25%
Vanguard Total Bond Market Index Fund Admiral Shares	-2.05%

(4) Amounts reported represent the total balance at October 31, 2018, the last day of fiscal 2018, plus any named executive officer's or Company contributions for fiscal 2018 that were paid, or expected to be paid, after October 31, 2018. Includes the following amounts reported in the "Summary Compensation Table" in the "Base Salary" or "Non-Equity Incentive Plan Compensation" column for fiscal years 2016 and 2017:

Mr. Olson	\$264,475
Ms. Peterson	\$523,108
Mr. Brown	\$1,017,230
Mr. Dordell	\$853,592

Includes the following amounts reported in the "Summary Compensation Table" in the "All Other Compensation" column for fiscal years 2016 and 2017.

Mr. Olson	\$162,225
Ms. Peterson	\$102,253
Mr. Brown	\$83,991
Mr. Dordell	\$70,680



Table of Contents

## Potential Payments Upon Termination or Change In Control

Overview. The following discussion describes the payments and benefits to which our named executive officers are entitled in various termination of employment and change in control situations. The intent of this discussion is to describe those payments and benefits for which the amount, vesting or time of payment is altered by the termination of employment or change in control situation. Therefore, this discussion does not describe all payments and benefits a named executive officer may receive following a termination or change in control, such as the following accrued, vested or non-forfeitable compensation and benefits:

- Payment of individual contributions to our Deferred Plan and Deferred Plan for Officers in accordance with prior distribution elections, as described under “Nonqualified Deferred Compensation for Fiscal 2018” beginning on page 50;

- Payment of Company contributions on behalf of the named executive officer under our Supplemental Benefit Plan, as described under “Nonqualified Deferred Compensation for Fiscal 2018” beginning on page 50;

- Payment of individual contributions and vested Company investment fund and ESOP contributions on behalf of the named executive officer under our IS&ESOP, as described under “Health, Welfare and Retirement Benefits and All Other Compensation—Retirement Benefits” beginning on page 41;

- Payment of annual cash incentive awards if employed on the last day of the fiscal year and if threshold levels are met and at the percentage of the target achieved, as described under “Annual Cash Incentives” beginning on page 34;

- Payout for performance share awards if employed on the last day of the performance period and if threshold levels are met and at the percentage of the target achieved, as described under “Long-Term Incentives—Performance Share Awards” on page 39;

- Exercise of stock options that had vested prior to the date of termination; and

- Payouts under, and continuation of, health and welfare benefits under plans generally applicable to our U.S.-based office salaried employees.

Our executive officers do not have any employment or severance agreements or arrangements other than as provided for in our CIC policy and other than certain change in control provisions in our equity plans. Accordingly, our named executive officers do not have the right to cash severance or additional benefits in connection with a termination of employment except in connection with a change in control of our Company, as described under “Potential Payments Upon Termination or Change in Control—Change in Control” beginning on page 55. Each of our executive officers is a party to our standard confidentiality, invention and non-compete agreement.

Voluntary Resignation and Retirement. In the event of a named executive officer’s voluntary resignation or retirement, we would not be obligated to pay or provide any additional payments or benefits, unless the named executive officer meets the criteria for “retirement” in connection with his or her voluntary resignation. For purposes of our compensation arrangements, “retirement” generally means the voluntary termination of employment at or after the age of 55 and with a number of years of service that, when added together with the named executive officer’s age, equals at least 65.

If a named executive officer meets the criteria for “retirement” in connection with his or her voluntary resignation, the named executive officer generally would be entitled to or, in the case of annual cash incentive awards and performance share awards, may receive upon approval by the Compensation & Human Resources Committee, the following additional payments and benefits:

- Extended vesting and exercise period of four additional years (or the remaining term of the option, whichever is shorter) after the retirement date for all outstanding stock options held on the retirement date;

- Extended perquisites consisting of reimbursement for amounts incurred for: (i) one additional year of financial planning expenses; (ii) one additional executive physical; (iii) twelve additional months, or through the end of the lease term, whichever is shorter, of lease payments for a Company-leased automobile; and (iv) certain Company

products for personal use at no cost for five years following the named executive officer's retirement; provided, however, that the named executive officer is responsible for payment of applicable taxes attributed to the value of such products;

53

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Table of Contents

Prorated payment of an outstanding annual cash incentive award if the named executive officer retires prior to the date payment is made in settlement of the annual cash incentive award, which is typically in early December, but only (i) if threshold levels are met and at the percentage of the target achieved; and (ii) in an amount that is proportionate to the portion of the fiscal year performance period that was completed as of the retirement date; and Prorated payment of outstanding performance share awards if the named executive officer retires after completion of at least one fiscal year of our current three-fiscal year performance period, but only (i) if threshold levels are met and at the percentage of the target achieved and (ii) in an amount that is proportionate to the portion of the performance period based on the number of months or years that the named executive officer was employed or performed services during the performance period as of the named executive officer's retirement date.

Any such payment for any prorated annual cash incentive or performance share awards would be made at the same time payments are made to our other executive officers after the certification of performance achieved by the Compensation & Human Resources Committee at the meeting following the completion of the applicable performance period.

**Disability or Death.** In the event of a termination as the result of the disability or death of a named executive officer, the named executive officer, or his or her beneficiary, would be entitled to or, in the case of annual cash incentive awards and performance share awards, may receive upon approval by the Compensation & Human Resources Committee, the following additional payments and benefits:

Immediate vesting of all outstanding stock options held as of the termination date and stock options may be exercised for a period of up to one year (or the remaining term of the option, whichever is shorter) after the termination date;

Prorated payment of an outstanding annual cash incentive award if the termination of the named executive officer is prior to the date payment is made in settlement of the annual cash incentive award, but only (i) if threshold levels are met and at the percentage of the target achieved; and (ii) in an amount that is proportionate to the portion of the fiscal year performance period that was completed as of the termination date; and

Prorated payment of outstanding performance share awards if the named executive officer was employed for at least one fiscal year of our current three-fiscal year performance period, but only (i) if threshold levels are met and at the percentage of the target achieved and (ii) in an amount that is proportionate to the portion of the performance period based on the number of months or years that the named executive officer was employed or performed services during the performance period as of the named executive officer's termination date.

Any such payment for any prorated annual cash incentive or performance share awards would be made at the same time payments are made to our other executive officers after the certification of performance achieved by the Compensation & Human Resources Committee at the meeting following the completion of the applicable performance period.

**Involuntary Termination by Toro.** Since our named executive officers do not have employment or severance agreements or arrangements other than as provided for in our CIC policy, we would not be obligated to provide any additional payments or benefits to our named executive officers in the event of an involuntary termination of employment by us. Any negotiated separation arrangement typically requires that the named executive officer sign a release and waiver of claims and comply with confidentiality and non-compete restrictions.

**Termination by Toro for Cause.** In the event of a termination of a named executive officer's employment by us for cause, we would not be obligated to provide any additional payments or benefits to the executive. In addition, we may have certain clawback rights, as described below under "Clawback Provisions."

## Table of Contents

**Change in Control.** We have a CIC policy generally applicable to our executive officers. Our CIC policy incorporates a “double trigger” mechanism and provides for a cash severance payment and certain other benefits if within three years after a change in control the named executive officer’s employment is terminated by us without just cause or the named executive officer terminates his or her employment for good reason, or if such termination occurs at the request of a third party who had taken steps reasonably calculated to effect the change in control. The payments and benefits the named executive officer would be entitled to receive include:

- a lump sum cash severance payment equal to two times (or three times for the CEO) the sum of the named executive officer’s then current annual base salary and target annual cash incentive award;
- a lump sum cash payment in an amount equal to the named executive officer’s pro-rated target annual cash incentive award for the fiscal year in which the termination date occurs, reduced by any amounts paid under the terms of the applicable equity compensation policy for the same period of time;
- eligibility for continuation coverage under our medical, dental and other group health plans for a period of three years following the termination date and reimbursement for any costs incurred in securing such continuation coverage that are in excess of costs that would have been incurred by the named executive officer immediately prior to his or her termination date to obtain such coverage; and
- two years of outplacement services.

Our CIC policy does not provide a “gross-up” for 280G excise tax and, as a condition to the payment of any severance payment, the named executive officer must execute a release of claims against us. If a change in control, as generally defined below, has not occurred, our Board may terminate our CIC policy after two years’ advance notice of such termination.

In addition to our CIC policy, our Amended and Restated 2010 Plan and The Toro Company 2000 Stock Option Plan, as amended, or 2000 Plan, as applicable, provide that if we experience a change in control, as generally defined below, whether or not there is a qualifying termination of employment:

- all stock options immediately vest, become exercisable in full and, pursuant to the Amended and Restated 2010 Plan, remain exercisable for their remaining term following the change in control, or, pursuant to the 2000 Plan, remain exercisable for three years (provided that in no event will three years extend beyond the remaining term of the option);
- all outstanding annual cash incentive awards for performance periods in progress at the time of the change in control immediately vest and become immediately payable at target in cash;
- all outstanding performance share awards for performance periods in progress at the time of the change in control immediately vest and become payable at maximum levels of performance in shares of our common stock, provided, however, that the CIC policy provides that for executive officers covered by the CIC policy, any such performance share awards are payable at target (not in full or at maximum); and
- all outstanding shares of restricted stock and restricted stock unit awards immediately vest and become non-forfeitable or issuable, as the case may be.

Alternatively, the Compensation & Human Resources Committee may elect to terminate such options, restricted stock awards, restricted stock unit awards or performance share awards in exchange for a cash payment for each option, restricted stock, restricted stock unit or performance share award in an amount equal to the excess, if any, between the consideration received by shareholders of our Company for shares of our Company in connection with the change in control and the exercise or purchase price, if any, of the option, restricted stock, restricted stock unit award or performance share award, multiplied by the number of shares subject to such option or award. Our Amended and Restated 2010 Plan and 2000 Plan do not provide a “gross-up” for 280G excise tax, but do provide for a reduction of payments if such payments would result in lower after-tax income taking into consideration the 280G excise tax.

For purposes of our CIC policy, Amended and Restated 2010 Plan, 2000 Plan and 2000 Directors Stock Plan, and subject to limited exceptions, a “change in control” occurs if:

• another person becomes the beneficial owner of a specified percentage of our then-outstanding common stock or the combined voting power of our then-outstanding voting stock, which is 20% under the Amended and Restated 2010 Plan and CIC policy and 15% under the 2000 Plan and 2000 Directors Stock Plan;

• a majority of our Board becomes comprised of persons other than those for whom election proxies have been solicited by our Board;

55

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Table of Contents

the completion of certain business combinations, including a reorganization, merger, consolidation, the sale of all or substantially all of our assets or the acquisition by us of assets or stock of another entity, where the shareholders before the business combination fail to beneficially own and have voting power for more than 50% of our Company or the resulting company after the business combination; or

our shareholders approve a complete liquidation or dissolution of our Company.

Additionally, under our nonqualified deferred compensation and retirement plans, upon the occurrence of a change in control, we must transfer cash or property to a “rabbi” trust for the benefit of plan participants in an amount sufficient to cause the trust to be funded at a level equal to the present value of all accumulated or accrued benefits then payable to or on behalf of plan participants.

**Potential Payments Upon Termination or Change In Control.** The following table quantifies the payments and benefits for which the amount, vesting or time of payment is altered by each of the foregoing termination of employment or change in control situations. For purposes of quantifying payments and benefits, amounts are calculated (i) for each named executive officer as if the termination or change in control occurred on October 31, 2018, the last business day of our 2018 fiscal year; and (ii) using a per share value of \$56.33, which represents the closing price of our common stock, as reported on the NYSE, on October 31, 2018. Material assumptions used in calculating the estimated payments and benefits are described in footnotes to the table.

Name/Payment Type	Change in Control					
	Termination			Termination Without		
	Voluntary Resignation/ Retirement <sup>(1)</sup>	Disability or Death	Involuntary Termination by Toro	by Toro Cause	No Termination Event	Cause by Toro or by Executive for Good Reason
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
<b>Richard M. Olson</b>						
Cash Severance Payment <sup>(2)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,512,500
Unvested & Accelerated Stock Options <sup>(3)</sup>	\$ 0	\$ 259,148	\$ 0	\$ 0	\$ 259,148	\$ 259,148
Performance Share Award Payouts	\$ 0	\$ 1,869,762 <sup>(4)</sup>	\$ 0	\$ 0	\$ 1,522,769 <sup>(5)</sup>	\$ 1,522,769 <sup>(5)</sup>
Welfare Plan Benefits <sup>(6)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,112
Outplacement Services <sup>(7)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,000
<b>Total</b>	<b>\$ 0</b>	<b>\$ 2,128,910</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,781,917</b>	<b>\$ 7,386,529</b>
<b>Renee J. Peterson</b>						
Cash Severance Payment <sup>(2)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,820,000
Unvested & Accelerated Stock Options <sup>(3)</sup>	\$ 0	\$ 229,976	\$ 0	\$ 0	\$ 229,976	\$ 229,976
Performance Share Award Payouts	\$ 0	\$ 558,512 <sup>(4)</sup>	\$ 0	\$ 0	\$ 452,499 <sup>(5)</sup>	\$ 452,499 <sup>(5)</sup>
Welfare Plan Benefits <sup>(6)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,705
Outplacement Services <sup>(7)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,000
<b>Total</b>	<b>\$ 0</b>	<b>\$ 788,488</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 682,475</b>	<b>\$ 2,593,180</b>
<b>William E. Brown, Jr.</b>						
Cash Severance Payment <sup>(2)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,468,500
	\$ 0	\$ 143,582	\$ 0	\$ 0	\$ 143,582	\$ 143,582

Unvested & Accelerated Stock Options <sup>(3)</sup>							
Performance Share Award							
Payouts	\$ 391,606	(4) \$ 391,606	(4) \$ 0	\$ 0	\$ 317,251	(5) \$ 317,251	(5)
Welfare Plan Benefits <sup>(6)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,408	
Outplacement Services <sup>(7)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,000	
Perquisites <sup>(8)</sup>	\$ 30,205	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Total	\$ 421,811	\$ 535,188	\$ 0	\$ 0	\$ 460,833	\$ 2,019,741	
Timothy P. Dordell							
Cash Severance Payment <sup>(2)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,401,600	
Unvested & Accelerated Stock Options <sup>(3)</sup>	\$ 0	\$ 136,578	\$ 0	\$ 0	\$ 136,578	\$ 136,578	
Performance Share Award							
Payouts	\$ 372,905	(4) \$ 372,905	(4) \$ 0	\$ 0	\$ 302,267	(5) \$ 302,267	(5)
Welfare Plan Benefits <sup>(6)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,717	
Outplacement Services <sup>(7)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,000	
Perquisites <sup>(8)</sup>	\$ 37,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Total	\$ 410,030	\$ 509,483	\$ 0	\$ 0	\$ 438,845	\$ 1,913,162	
Bradley A. Hamilton							
Cash Severance Payment <sup>(2)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,085,000	
Unvested & Accelerated Stock Options <sup>(3)</sup>	\$ 0	\$ 63,036	\$ 0	\$ 0	\$ 63,036	\$ 63,036	
Performance Share Award							
Payouts	\$ 0	\$ 181,045	(4) \$ 0	\$ 0	\$ 152,091	(5) \$ 152,091	(5)
Welfare Plan Benefits <sup>(6)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,033	
Outplacement Services <sup>(7)</sup>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,000	
Total	\$ 0	\$ 244,081	\$ 0	\$ 0	\$ 215,127	\$ 1,390,160	

(1) Messrs. Brown and Dordell are the only named executive officers who met the retirement criteria on October 31, 2018. Mr. Brown retired from the Company on January 11, 2019.

Table of Contents

- (2) Amount reported represents two times (three times for Mr. Olson since he was CEO on October 31, 2018) the sum of the named executive officer's (a) then current annual base salary (based on twelve times the highest monthly base salary paid to the named executive officer during the fiscal year ended October 31, 2018) and (b) then current target annual cash incentive award.
- (3) Amount reported represents the value of the automatic acceleration of vesting of unvested stock options. All amounts are based on the difference between: (a) the market price of our common stock underlying the unvested stock options as of October 31, 2018, and (b) the exercise price of the stock options. Because each of Messrs. Brown and Dordell meets the retirement criteria on October 31, 2018, upon such event any unvested stock options held would continue to vest for four additional years, but such extended vesting is not quantified in the above table, "Voluntary Resignation / Retirement" column.
- (4) Amount reported represents the value of the future payout of two-thirds of the named executive officer's fiscal 2017 to fiscal 2019 performance share awards (based on two years of the three-year performance period completed as of October 31, 2018) and one-third of the named executive officer's fiscal 2018 to fiscal 2020 performance share awards (based on the completion of one year of the three-year performance period completed as of October 31, 2018), assuming that the Compensation & Human Resources Committee approves the payout at financial plan levels of performance.
- (5) Amounts reported represents the value of the immediate payout of the applicable number of shares of our common stock that the named executive officer would have been entitled to receive as payout for performance share awards for each of the fiscal 2017 to fiscal 2019 performance period and the fiscal 2018 to fiscal 2020 performance period. The value is based on: (a) the number of outstanding performance share awards at target as of October 31, 2018, multiplied by (b) the market price of our common stock on October 31, 2018.
- (6) Amount reported represents the estimated value of the welfare plan benefits for a three-year period based on our premium levels in effect on October 31, 2018.
- (7) Amount reported is based on the assumption that we would incur a \$30,000 one-time cost for outplacement services to be provided for the two-year period.
- (8) Amount reported represents the value of (a) one additional year of financial planning services, (b) one additional executive physical, and (c) twelve additional months of automobile lease payments.

Clawback Provisions. Our 2000 Plan and the related stock option agreements contain a "clawback" provision which provides that if, within one year after the termination of employment the participant is employed or retained by or renders services to a competitor, violates any confidentiality agreement or agreement governing the ownership or assignment of intellectual property rights or engages in any other conduct or act determined to be injurious, detrimental or prejudicial to any interest of our Company, we have the right to cancel, rescind or restrict all stock options held by such participant and granted under the 2000 Plan and demand the return of the economic value of any stock option which was realized or obtained by such participant during the period beginning on the date that is 12 months prior to the date of termination to the date of the last exercise.

In addition, under the Amended and Restated 2010 Plan and related award agreements, if a participant is determined by the Compensation & Human Resources Committee to have taken any adverse action similar to those actions described above, all rights of such participant under the Amended and Restated 2010 Plan and any agreements evidencing an award then held by the participant will terminate and be forfeited and the Committee may require the executive to surrender and return to our Company any shares received, and/or to disgorge any profits or any other economic value made or realized by the participant during the period beginning one year prior to the participant's termination of employment or other service with our Company or any affiliate or subsidiary, in connection with any awards or any shares issued upon the exercise or vesting of any awards granted under such plan. In addition, if we are required to prepare an accounting restatement due to our material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, then any participant who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 must reimburse us for the amount of any award received by such individual under the Amended and Restated 2010 Plan during the 12-month period following the first public issuance or filing with the SEC, as the case may be, of the financial document embodying such

financial reporting requirement. These clawback provisions are in addition to any automatic clawback or forfeiture law, rule or regulation of which our named executive officers may be subject, including under the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Act, as well as any policy that may be adopted by us.

Table of Contents

Pay Ratio Disclosure

In accordance with Item 402(u) of Regulation S-K, passed as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, we calculated the ratio of annual total compensation of Mr. Olson relative to the annual total compensation of our median employee. To determine the median employee, we identified that, as of August, 31, 2018, our total employee population was 6,011 employees. We identified our median employee from this population (excluding Mr. Olson) by using base salary as our consistently applied compensation measure. Once we identified our median employee, we calculated the annual total compensation of this median employee using the same methodology that we used to calculate the annual total compensation of our named executive officers, including Mr. Olson, in the Summary Compensation Table. Mr. Olson's annual total compensation for fiscal 2018, as set forth in the Summary Compensation Table on page 44, was \$5,073,126. Annual total compensation for our median employee for fiscal 2018 was \$43,302. The ratio of annual total compensation of Mr. Olson to the annual total compensation of our median employee for fiscal 2018 is 117:1.

We believe the pay ratio presented above is a reasonable estimate calculated in a manner consistent with applicable SEC rules. Because the SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices, the pay ratio reported by other companies may not be comparable to the pay ratio reported above.

58

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Table of Contents**STOCK OWNERSHIP**

## Significant Beneficial Owners

The following table sets forth information known to us as of January 22, 2019, as to entities that have reported to the SEC or have otherwise advised us that they are a beneficial owner, as defined by the SEC's rules and regulations, of more than five percent of our outstanding common stock.

	Name and Address	Amount and Nature	Percent
Title of Class	of Beneficial Owner	of Beneficial Ownership	of Class <sup>(1)</sup>
Common Stock	The Vanguard Group, Inc.  100 Vanguard Blvd.  Malvern, PA 19355	9,813,887 <sup>(2)</sup>	9.25%
Common Stock	BlackRock, Inc.  55 East 52nd St.  New York, NY 10055	9,445,965 <sup>(3)</sup>	8.90%
Common Stock	T Rowe Price Associates Inc.  100 East Pratt St.  Baltimore, MD 21202	8,977,830 <sup>(4)</sup>	8.46%

(1) Percent of class is based on 106,131,655 shares outstanding as of our record date.

(2) Based solely on information contained in the most recently filed Schedule 13F/A of The Vanguard Group, Inc., an investment adviser, filed with the SEC on December 13, 2018, reflecting beneficial ownership as of September 30, 2018, with sole investment discretion but no voting authority with respect to 9,745,028 shares, sole investment discretion and voting authority with respect to 9,722 shares, shared investment discretion but sole voting authority with respect to 46,300 shares and shared discretion and voting authority with respect to 12,837 shares.

(3) Based solely on information contained in the most recently filed Schedule 13F of BlackRock, Inc., a parent holding company, filed with the SEC on November 9, 2018, reflecting beneficial ownership as of September 30, 2018, with sole investment discretion and voting authority with respect to 9,034,902 shares and sole investment discretion but no voting authority with respect 411,063 shares. BlackRock, Inc. does not have shared voting or dispositive power over any of the shares.

(4) Based solely on information contained in the most recently filed Schedule 13F of T Rowe Price Associates Inc., an investment adviser, filed with the SEC on November 14, 2018, reflecting beneficial ownership as of September 30, 2018, with sole investment discretion with respect to all such shares, sole voting authority with respect to 1,837,491 shares and no voting authority with respect to 7,140,339 shares.

Table of Contents

## Directors and Executive Officers

The following table sets forth information known to us regarding the beneficial ownership of our common stock as of January 22, 2019, by (i) each of our current non-employee directors and director nominees, (ii) individuals who served as our “principal executive officer” or “principal financial officer” during fiscal 2018 and the next three most highly compensated executive officers named in the “Summary Compensation Table” beginning on page 44, and (iii) all directors, director nominees and executive officers as a group.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)(2)(3)(4)	Percent of Class <sup>(5)</sup>
Non-Employee Directors and Director Nominees:			
Common Stock	Robert C. Buhrmaster	113,897	*
Common Stock	Janet K. Cooper	116,556	*
Common Stock	Gary L. Ellis	93,685	*
Common Stock	Jeffrey M. Ettinger	85,335	*
Common Stock	Katherine J. Harless	122,333	*
Common Stock	Jeffrey L. Harmening	0	*
Common Stock	D. Christian Koch	7,791	*
Common Stock	Joyce A. Mullen	0	*
Common Stock	James C. O’Rourke	30,341	*
Common Stock	Gregg W. Steinhafel	71,582	*
Common Stock	Christopher A. Twomey	95,148	*
Common Stock	Michael G. Vale	1,013	*
Named Executive Officers:			
Common Stock	Richard M. Olson	305,311	*
Common Stock	Renee J. Peterson	372,158	*
Common Stock	William E. Brown, Jr.	374,509	*
Common Stock	Timothy P. Dordell	233,800	*
Common Stock	Bradley A. Hamilton	47,533	*
All Directors, Director Nominees and Executive Officers as a Group (23)		2,537,264	2.36%

\*Less than one percent of the outstanding shares of our common stock.

(1) Shares are deemed to be “beneficially owned” by a person if such person, directly or indirectly, has or shares: (a) the power to vote or direct the voting of such shares, or (b) the power to dispose or direct the disposition of such shares. Except as otherwise indicated in the footnotes to this table, the persons in this table have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them, subject to community property laws, where applicable.

Table of Contents

(2) “Beneficial ownership” also includes: (a) shares that a person has the right to acquire within 60 days of January 22, 2019, and, as such, includes shares that may be acquired upon exercise of stock options within 60 days of January 22, 2019; (b) shares allocated to executive officers under the IS&ESOP; and (c) common stock units and performance share units, collectively referred to as units, credited under the Deferred Plan for Directors and Deferred Plan for Officers. The following table reflects the beneficial ownership by type of security held by our non-employee directors and director nominees, named executive officers, and all current directors, director nominees and executive officers as a group:

Name	Stock Options	IS&ESOP	Units under the	Units under the
			Deferred Plan for Directors	Deferred Plan for Officers
Non-Employee Directors and Director Nominees:				
Robert C. Buhrmaster	61,158		18,336	
Janet K. Cooper	46,050		45,367	
Gary L. Ellis	61,158		3,774	
Jeffrey M. Ettinger	46,050		0	
Katherine J. Harless	50,158		4,871	
Jeffrey L. Harmening	0		0	
D. Christian Koch	4,582		0	
Joyce A. Mullen	0		0	
James C. O’Rourke	19,916		0	
Gregg W. Steinhafel	14,812		5,642	
Christopher A. Twomey	26,758		9,873	
Michael G. Vale	0		1,013	
Named Executive Officers:				
Richard M. Olson	237,713	16,040		46,520
Renee J. Peterson	227,866	649		83,044
William E. Brown, Jr.	176,733	175		17,552
Timothy P. Dordell	124,733	0		108,760
Bradley A. Hamilton	41,203	925		3,554
All Directors, Director Nominees and Executive Officers as a Group (23)	1,424,068	67,703	88,876	322,253

(3) Includes shares held in trust for estate planning purposes as follows: 18,311 shares for Mr. Buhrmaster, 21,930 shares for Ms. Cooper, 53,896 shares for Ms. Harless, 3,209 shares for Mr. Koch, 57,457 shares for Mr. Twomey, 307 shares for Mr. Dordell, 50,000 shares for Ms. Peterson and 213,406 shares for all directors, director nominees and executive officers as a group. Ms. Cooper’s spouse is sole trustee of the trust and has sole voting and investment power with respect to the shares held in trust; and accordingly, Ms. Cooper disclaims beneficial ownership of such shares. Ms. Harless has shared voting and investment power with her spouse with respect to the shares held in trust. Mr. Twomey has shared voting and investment power with respect to the shares held in trust. In addition, includes 2,312 shares for Mr. Buhrmaster that are held by a family foundation and Mr. Buhrmaster has shared voting and investment power with respect to the shares held by the family foundation; and 1,060 shares for Mr. Twomey that are held by a family foundation and Mr. Twomey has shared voting and investment power with respect to the shares held by the family foundation.

(4) Includes shares held jointly with spouse for which the director or officer has shared voting and investment power as follows: 44,105 shares for Mr. Steinhafel, 47,413 shares for Mr. Brown and 91,518 shares for all directors, director nominees and executive officers as a group.

(5) Percentages are based on our shares outstanding as of our record date and are calculated pursuant to Rule 13d-3 under the Exchange Act. Percentage calculations assume, for each person and the group, that all shares that may be acquired by such person or by the group pursuant to stock options or other rights currently exercisable or that become exercisable or issuable within 60 days following January 22, 2019, are outstanding for the purpose of computing the percentage of common stock owned by such person or by the group. However, those unissued shares of our common stock described above are not deemed to be outstanding for the purpose of calculating the percentage of common stock owned by any other person.

61

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Table of Contents

## Stock Ownership Guidelines

We maintain stock ownership guidelines described in the table below to align the interests of our non-employee directors and executive officers with those of our shareholders. Non-employee directors are expected to meet this guideline within five years of joining the Board. Executive officers are expected to meet the guideline within five years of the date of hire or promotion. As of January 22, 2019, each of our non-employee directors and executive officers who is required to meet a stock ownership guideline met such guideline.

**Stock Ownership Guidelines by Position****Non-Employee Directors Chairman and CEO Other Executive Officers**

5x annual board retainer 5x annual base salary 2x or 3x annual base salary

## Section 16(a) Beneficial Ownership Reporting Compliance

The rules of the SEC require us to disclose the identity of directors, executive officers and greater than 10% owners of our common stock who did not file on a timely basis reports required by Section 16 of the Exchange Act. Based on review of reports filed by these reporting persons on the SEC's electronic filing, or EDGAR, system and written representations by our directors and executive officers, we believe that all of our directors, executive officers and greater than 10% owners complied with all filing requirements applicable to them during our fiscal year ended October 31, 2018.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information about shares of our common stock that may be issued under our equity compensation plans as of October 31, 2018, the last day of fiscal 2018.

Plan Category	Number of Securities		
	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	4,280,942 <sup>(1)</sup>	\$34.01 <sup>(2)</sup>	5,023,831 <sup>(3)</sup>
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	4,280,942 <sup>(1)</sup>	\$34.01 <sup>(2)</sup>	5,023,831 <sup>(3)</sup>

(1) Amount includes: 114,457 outstanding stock options under the 2000 Plan; 34,324 outstanding stock options under the 2000 Directors Stock Plan; 3,589,823 outstanding stock options under the Amended and Restated 2010 Plan; 99,554 outstanding restricted stock unit awards under the Amended and Restated 2010 Plan, including share

dividend equivalents that have been issued on such outstanding restricted stock units; and 442,784 outstanding performance share awards under the 2010 Plan, assuming a maximum level of achievement. The actual number of shares that will be issued under the performance share awards is determined by the level of achievement of performance goals.

- (2) Performance share awards and restricted stock units do not have exercise prices and, therefore, have been excluded from the weighted-average exercise price calculation in column (b).
- (3) Amount represents shares available for future issuance upon awards that may be granted under the Amended and Restated 2010 Plan, which includes: 11,000,000 shares approved by our shareholders at the Annual Meeting of Shareholders held on March 16, 2010; 600,000 shares approved by our shareholders at the Annual Meeting of Shareholders held on March 17, 2015; and 796,486 shares that were subject to outstanding awards under the 2000 Plan, The Toro Company Performance Share Plan and the 2000 Directors Stock Plan (collectively, the “Prior Plans”) as of March 16, 2010, the date of adoption of the 2010 Plan, but only to the extent such outstanding awards under the Prior Plans were forfeited, expired or otherwise terminated without the issuance of such shares (the “Carryover Shares”) consisting of (a) 52,632 shares that were previously subject to awards under the 2000 Plan plus (b) 738,818 shares that were previously subject to awards under The Toro Company Performance Share Plan plus (c) 5,036 shares that were previously subject to awards under the 2000 Directors Stock Plan, less any shares issued or surrendered and not again available for issuance under the Amended and Restated 2010 Plan. The Carryover Shares may now be issued under the Amended and Restated 2010 Plan.

Table of Contents

**OTHER INFORMATION**

Shareholder Proposals and Director Nominations for the 2020 Annual Meeting

The 2020 Annual Meeting of Shareholders is expected to be held on March 17, 2020. In order for a shareholder proposal to be included in our proxy statement for the 2020 Annual Meeting, (i) our Vice President, Secretary and General Counsel must receive such proposal no later than the close of business on October 8, 2019, unless the date of the 2020 Annual Meeting is delayed by more than 30 calendar days; and (ii) such proposal must satisfy all of the requirements of, and not otherwise be permitted to be excluded under, Rule 14a-8 promulgated by the SEC and our Amended and Restated Bylaws.

Under our current Amended and Restated Bylaws, in order for a shareholder to nominate one or more persons for election to the Board at the 2020 Annual Meeting of Shareholders or propose any other business to be brought before the 2020 Annual Meeting, complete and timely notice must be given in writing and in proper form to our Vice President, Secretary and General Counsel not later than December 20, 2019, nor earlier than November 20, 2019. However, if the date of the 2020 Annual Meeting is advanced by more than 30 days or delayed by more than 60 days from the first anniversary date of the 2019 Annual Meeting of Shareholders, such notice must be delivered not earlier than the 120th day prior to the date of the rescheduled 2020 Annual Meeting and not later than the close of business on the later of the 90th day prior to the date of the rescheduled 2020 Annual Meeting or the 10th day following the day on which we first make a public announcement of the date of the rescheduled 2020 Annual Meeting. Any notice must contain the specific information required by our Amended and Restated Bylaws, including, among other things, information about: any proposed nominee and his or her relationships with the shareholder submitting the nomination; any agreements, arrangements or understandings the shareholder may have with any proposed nominee or other parties relating to the nomination or other proposal; and the interests that the shareholder has related to our Company and its shares, including as a result of, among other things, derivative securities, voting arrangements or short positions. Such information must be updated as of the record date for the 2020 Annual Meeting and as of the date that is 10 business days prior to the date of the 2020 Annual Meeting. This summary information regarding our Amended and Restated Bylaws is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws. A copy of our Amended and Restated Bylaws can be found on our website at [www.thetorocompany.com/corporategovernance](http://www.thetorocompany.com/corporategovernance). If a nomination or proposal is not timely and properly made in accordance with the procedures set forth in our Amended and Restated Bylaws, or does not contain the specific information required by our Amended and Restated Bylaws, such nomination or proposal will be defective and will not be brought before the 2020 Annual Meeting. If a nomination or proposal is nonetheless brought before the 2020 Annual Meeting and the Chairman does not exercise the power and duty to declare the nomination or proposal defective, the persons named in the proxy may use their discretionary voting with respect to such nomination or proposal.

Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one set of these documents may have been sent to multiple shareholders at a shared address. Additional copies of this proxy statement and our Annual Report on Form 10-K are available upon request to our Vice President, Secretary and General Counsel at 8111 Lyndale Avenue South, Bloomington, Minnesota, 55420-1196, by telephone at 888-237-3054, or by e-mail to [invest@toro.com](mailto:invest@toro.com). These documents also may be downloaded and printed from our website at [www.thetorocompany.com/proxy](http://www.thetorocompany.com/proxy). Any shareholder who wants to receive separate copies of our proxy statement and annual report in the future, or any shareholder who is receiving multiple copies and would like to receive only one copy per household, should contact his, her or its bank, broker or other nominee record holder.

Annual Report

A copy of Toro's Annual Report on Form 10-K for the fiscal year ended October 31, 2018, as filed with the SEC, will be sent to any shareholder, without charge, upon written request to our Vice President, Secretary and General Counsel at 8111 Lyndale Avenue South, Bloomington, Minnesota, 55420-1196. You also may obtain our Annual Report on Form 10-K on the Internet at the SEC's website, [www.sec.gov](http://www.sec.gov), or on our website at [www.thetorocompany.com/proxy](http://www.thetorocompany.com/proxy). Our Fiscal Year 2018 Annual Report, which contains information about our business but is not part of our disclosure deemed to be filed with the SEC, also is available on our website at [www.thetorocompany.com/proxy](http://www.thetorocompany.com/proxy).



Table of Contents

Cost and Method of Solicitation

We will pay the cost of soliciting proxies and may make arrangements with brokerage houses, custodians, nominees and other fiduciaries to send proxy materials to beneficial owners of our common stock. We will reimburse these third-parties for reasonable out-of-pocket expenses. In addition to solicitation by mail, our non-employee directors, executive officers and other employees may solicit proxies by telephone, electronic transmission and personally. Our non-employee directors, executive officers and other employees will not receive compensation for such services other than regular non-employee director or employee compensation. We have retained Morrow Sodali LLC, 470 West Avenue, Stamford, Connecticut, 06902, for an estimated fee of \$8,000, plus out of pocket expenses, to assist in distributing proxy materials and soliciting proxies in connection with our 2019 Annual Meeting of Shareholders.

Dated: February 5, 2019

BY ORDER OF THE BOARD OF DIRECTORS

TIMOTHY P. DORDELL  
Vice President, Secretary  
and General Counsel

Table of Contents

TORO THE TORO COMPANY 8111 LYNDAL AVE SOUTH BLOOMINGTON, MN 55420-1196 SCAN TO VIEW MATERIALS & VOTE VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com) or scan the QR code above Use the Internet to transmit your voting instructions up until 11:59 P.M. Eastern Time on March 18, 2019. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS If you would like to reduce the costs incurred by The Toro Company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years. VOTE BY PHONE - 1-800-690-6903 Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on March 18, 2019. Have your proxy card in hand when you call and then follow the instructions. VOTE BY MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: E55493-P14298-Z73409 KEEP THIS PORTION FOR YOUR RECORDS THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY THE TORO COMPANY For All Withhold All For All Except To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below. The Board of Directors recommends you vote FOR the following: 1. Election of Directors Nominees: 01) Jeffrey L. Harmening 02) Joyce A. Mullen 03) Richard M. Olson 04) James C. O'Rourke The Board of Directors recommends you vote FOR proposals 2 and 3. 2. Ratification of the selection of KPMG LLP as our independent registered public accounting firm for our fiscal year ending October 31, 2019. 3. Approval of, on an advisory basis, our executive compensation. For Against Abstain NOTE: In their discretion, the proxies are authorized to vote on any other business properly brought before the annual meeting or any adjournment or postponement of the annual meeting. For address changes, mark here. (see reverse for instructions) Please sign exactly as your name(s) appear(s) on this proxy. If held in joint tenancy, all persons must sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy. Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

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Table of Contents

THE TORO COMPANY ANNUAL MEETING OF SHAREHOLDERS Tuesday, March 19, 2019 1:30 p.m. CDT  
The Toro Company 8111 Lyndale Avenue South Bloomington, MN 55420 Important Notice Regarding the  
Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement for the Annual Meeting of  
Shareholders on March 19, 2019, and our 2018 Annual Report are available at [www.thetorocompany.com/proxy](http://www.thetorocompany.com/proxy)  
E55494-P14298-Z73409 TORO The Toro Company 8111 Lyndale Ave South Bloomington, MN 55420 Proxy This  
proxy is solicited on behalf of the Board of Directors for use at the Annual Meeting on March 19, 2019. The shares of  
stock held in this account will be voted as you specify on the reverse side or by telephone or Internet. Shares held in  
employee benefit plans for which a proxy is not received will be voted by the trustee in the same proportion as votes  
actually cast by plan participants. If no choice is specified, the proxy will be voted "For" all nominees for Director and  
"For" Proposals 2 and 3. By signing, dating and returning this proxy card, you revoke all prior proxies, including any  
proxy previously given by telephone or Internet, and appoint R. M. Olson and T. P. Dordell, or either of them, with  
full power of substitution, to vote these shares on the matters shown on the reverse side and on any other business  
properly brought before the annual meeting or any adjournment or postponement of the annual meeting. Address  
Changes: (If you noted any Address Changes above, please mark corresponding box on the reverse side.) Continued  
and to be signed on reverse side