TORO CO
Form DEF 14A
January 31, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

The Toro Company
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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x	No fee required.	
o	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 transaction applies:
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o	Fee paid previously with preliminary materials.	
o	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.	
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The Toro Company
8111 Lyndale Avenue South, Bloomington, Minnesota
Telephone 952/888-8801

Michael J. Hoffman

President and CEO

January 31, 2006

Dear Fellow Stockholders:

I am pleased to invite you to join us for the Toro Annual Meeting of Stockholders to be held on Tuesday, March 14, 2006 at 3:00 p.m. C.S.T. at our corporate offices. Details about the meeting, nominees for the Board of Directors and other matters to be acted on are presented in the Notice of Annual Meeting and Proxy Statement that follow.

In addition to Annual Meeting formalities, we will report to stockholders generally on Toro s business, and will be pleased to answer stockholders questions about Toro.

We hope you plan to attend the Annual Meeting. Please exercise your right to vote by signing, dating and returning the enclosed proxy card or using Internet or telephone voting as described in the Proxy Statement, even if you plan to attend the meeting.

On behalf of your Toro Board of Directors and management, it is my pleasure to express our appreciation for your continued support.

Sincerely,

Michael J. Hoffman

YOUR VOTE IS IMPORTANT. PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD OR VOTE BY INTERNET OR TELEPHONE AS SOON AS POSSIBLE. BY DOING SO, YOU MAY SAVE TORO THE EXPENSE OF ADDITIONAL SOLICITATION.

Count on it.

NOTICE OF ANNUAL MEETING

The Toro Company 2006 Annual Meeting of Stockholders will be held on Tuesday, March 14, 2006 at 3:00 p.m. C.S.T. at Toro s corporate offices at 8111 Lyndale Avenue South, Bloomington, Minnesota, for the following purposes:

1. Elect two directors, each to serve for a term of three years;

2. Approve amendment of The Toro Company 2000 Stock Option Plan to increase from 6,000,000 to 6,400,000 the number of authorized shares;

3. Ratify the selection of the independent registered public accounting firm for Toro for Fiscal 2006 (the fiscal year ending October 31, 2006); and

4. Transact any other business properly brought before the Annual Meeting or any adjournment of the meeting.

Stockholders of record at the close of business on January 17, 2006 (the Record Date) will be entitled to vote at the meeting or at any adjournment of the meeting.

A stockholder list will be available at Toro s corporate offices beginning February 28, 2006 during normal business hours for examination by any stockholder registered on Toro s Stock Ledger as of the Record Date for any purpose germane to the Annual Meeting.

Since a majority of the outstanding shares of Toro Common Stock must be represented either in person or by proxy to constitute a quorum for the conduct of business, **PLEASE PROMPTLY SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD OR VOTE BY INTERNET OR TELEPHONE.**

January 31, 2006

BY ORDER OF THE BOARD OF DIRECTORS

J. LAWRENCE MCINTYRE
Vice President, Secretary and
General Counsel

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THE TORO COMPANY

8111 Lyndale Avenue South
Bloomington, MN 55420-1196

PROXY STATEMENT

The Toro Company Board of Directors is soliciting your proxy for use at the 2006 Annual Meeting of Stockholders for Tuesday March 14, 2006. The Notice, this Proxy Statement and the enclosed form of proxy are intended to be mailed to stockholders beginning Tuesday, January 31, 2006.

VOTING

Who Can Vote

Stockholders of record at the close of business on January 17, 2006 will be entitled to notice of and to vote at the Annual Meeting or any adjournment of the meeting. On that date, Toro had 43,758,322 shares of Common Stock outstanding. Each share of Toro Common Stock you own entitles you to one vote.

Dividend Reinvestment Plan Shares. If you are a participant in Toro s Dividend Reinvestment Plan, the number shown on the enclosed proxy card includes shares held for your account in that plan.

Employee Benefit Plan Shares. If you are a participant in a Toro employee benefit plan that allows participant-directed voting of Common Stock held in that plan, the number shown on the enclosed proxy card includes shares you hold in that plan, as well as shares you own of record, if any. The trustee for each plan will cause votes to be cast confidentially in accordance with your instructions. Plan shares not voted by participants will be voted by the trustee in the same proportion as the votes actually cast by participants, in accordance with the terms of the respective plans.

How You Can Vote

If you are a stockholder whose shares are registered in your name, you may vote your shares in person at the meeting or by one of the three following methods:

- **Vote by Internet,** by going to the web address http://www.eproxy.com/ttc/ and following the instructions for Internet voting shown on the enclosed proxy card.

- **Vote by Telephone,** by dialing 1-800-560-1965 and following the instructions for telephone voting shown on the enclosed proxy card.

- **Vote by Proxy Card,** by completing, signing, dating and mailing the enclosed proxy card in the envelope provided. If you vote by Internet or telephone, please do not mail your proxy card.

If your shares are held in street name (through a broker, bank or other nominee), 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 or telephone.

If you return your signed proxy card or use Internet or telephone voting before the Annual Meeting, the named proxies will vote your shares as you direct. You have three choices on each matter to be voted on. For the election of directors, you may (1) vote **FOR** all of the nominees, (2) **WITHHOLD** your vote from all nominees or (3) **WITHHOLD** your vote from nominees you designate. See Proposal One Election of Directors. For each of the other proposals, you may vote **FOR** , **AGAINST** or **ABSTAIN** from voting.

If you send in your proxy card or use Internet or telephone voting, but do not specify how you want to vote your shares, we will vote them FOR Proposal One Election of Directors, FOR Proposal Two Amendment of The Toro Company 2000 Stock Option Plan and FOR Proposal Three Ratify Selection of Independent Registered Public Accounting Firm.

How You May Revoke or Change Your Vote

If you are a stockholder whose shares are registered in your name, you may revoke your proxy at any time before it is voted by one of the following methods:

- Submitting another proper proxy with a more recent date than that of the proxy first given by:
- following the Internet voting instructions, or
- following the telephone voting instructions or
- completing, signing, dating and returning a proxy card to Toro.
- Sending written notice of revocation to Toro s Corporate Secretary.
- Attending the Annual Meeting and voting by ballot.

If you hold your shares through a broker, bank or other nominee, you may revoke your proxy by following instructions they provide.

Quorum and Vote Requirements

A majority of the outstanding shares of Common Stock must be present in person or by proxy in order to have a quorum to conduct business at the Annual Meeting. Shares represented by proxies marked Abstain or Withheld and broker non-votes are counted in determining whether a quorum is present. A broker non-vote is a proxy submitted by a broker that does not indicate a vote for some or all of the proposals because the broker does not have discretionary voting authority on some types of proposals and has not received instructions from its client as to how to vote on a particular proposal.

Under Delaware law, in the absence of a bylaw or provision in a corporation s certificate of incorporation to the contrary, the affirmative vote of a plurality of shares of Common Stock present in person or represented by proxy at the meeting is required for the election of directors under Proposal One. Under Toro s Bylaws, as recently amended by the Board of Directors, if a majority of the shares present in person or represented by proxy at the meeting are designated to be withheld from or are voted against a nominee for director, that director must tender his or her resignation for consideration by the Nominating and Governance Committee. The committee then must evaluate the best interests of Toro and its stockholders and recommend action to be taken by the Board with respect to such tendered resignation.

Proposals Two and Three will be decided by the affirmative vote of a majority of the shares present in person or represented by proxy, entitled to vote, provided that for Proposal Two, the total vote cast must represent over 50% in interest of all securities entitled to vote on the proposal.

Under New York Stock Exchange (NYSE) rules, if your shares are held in street name and you do not indicate how you wish to vote, the broker is permitted to exercise its discretion to vote your shares on the election of directors (Proposal One) as well as on the ratification of the selection of our independent registered public accounting firm (Proposal Three). If you do not direct the broker how to vote on Proposal Two, the broker may not exercise discretion and may not vote your shares. This is called a broker non-vote. Broker non-votes are not considered to be entitled to vote on Proposal Two, and will therefore not be counted in determining the votes cast on that matter. As a result, broker non-votes can have the effect of a negative vote, if at least 50% of the shares of outstanding Common Stock, excluding the broker non-votes, are not voted on the proposal. Abstentions and withheld votes will be counted, and will have the effect of a negative vote. Abstentions and withheld votes will be counted, in determining the total number of votes cast on Proposals One and Three and will have the effect of a negative vote on these proposals.

Procedures at the Annual Meeting

The presiding officer at the meeting will determine how business at the Annual Meeting will be conducted. Only matters brought before the Annual Meeting in accordance with Toro s Bylaws will be considered.

Only a natural person present at the Annual Meeting who either is a Toro stockholder or is properly acting on behalf of a stockholder may make a motion or second a motion. A person acting on behalf of a stockholder must present a written statement executed by the stockholder or the duly authorized representative of the stockholder on whose behalf the person purports to act.

STOCK OWNERSHIP

The following table shows the beneficial ownership of Toro Common Stock by each of the directors and nominees, the two individuals who served as Toro s Chief Executive Officer during Fiscal 2005 and the four other most highly compensated executive officers named in the Summary Compensation table (named executive officers), as of January 17, 2006, the Record Date. The table also shows beneficial ownership by holders of more than 5% of the Common Stock and by all directors and executive officers as a group, including the named executive officers.

Name of Beneficial Owner(1)	**Amount and Nature of Beneficial Ownership of Common Stock(2)**		**Common Stock Beneficially Owned as Percent of Common Stock Outstanding**	
Barclays Global Investors, N.A. and its subsidiaries Barclays Global Fund Advisors and Palomino Limited	2,335,076	(3)	5.3	%
Ronald O. Baukol	54,256	(4)	*	
Robert C. Buhrmaster	52,581	(4)	*	
Winslow H. Buxton	60,168	(4)	*	
Janet K. Cooper	46,358	(4)	*	
Timothy A. Ford	91,572	(5)	*	
Katherine J. Harless	10,964		*	
Michael J. Hoffman	378,814	(5)	*	
J. Lawrence McIntyre	123,267	(5)	*	
Kendrick B. Melrose	2,162,229	(5)	4.8	%
Karen M. Meyer	412,958	(5)	*	
Robert H. Nassau	25,171	(4)	*	
Dale R. Olseth	92,322	(4)	*	
Gregg W. Steinhafel	39,223	(4)	*	
Christopher A. Twomey	49,974	(4)	*	
Edwin H. Wingate	67,859	(4)	*	
Stephen P. Wolfe	464,735	(5)	1.0	%
All directors and executive officers as a group (25)	4,930,686	(5)	10.7	%

* Less than 1% of the outstanding shares of Common Stock

(1) Shares are deemed to be beneficially owned by a person if such person, directly or indirectly, has or shares (i) the power to vote or to direct the voting of such shares or (ii) the power to dispose or direct the disposition of such shares. In addition, beneficial ownership includes shares that such person has the right to acquire within 60 days.

(2) Includes shares held of record, shares that may be acquired upon exercise of stock options within 60 days and shares allocated to executive officers under The Toro Company Investment, Savings and Employee Stock Ownership Plan. Stock options exercisable within 60 days for each of the named directors and executive officers are as follows: Mr. Baukol 25,334 shares, Mr. Buhrmaster 25,334 shares, Mr. Buxton 25,334 shares, Ms. Cooper 13,334

shares, Ms. Harless 5,334 shares, Mr. Nassau 5,334 shares, Mr. Olseth 25,334, Mr. Steinhafel 13,334 shares, Mr. Twomey 25,334 shares, Mr. Wingate 25,334 shares, Mr. Hoffman 191,034 shares, Mr. Melrose 930,636 shares, Mr. Wolfe 175,756 shares, Mr. Ford 45,870 shares, Ms. Meyer 146,730 shares, Mr. McIntyre 18,001 shares and all directors and executive officers as a group 2,018,219 shares.

(3) Barclays Global Investors, N.A., a bank, has filed a Form 13G reflecting beneficial ownership of 1,104,124 shares of Toro Common Stock with sole voting power of 915,008 shares and sole dispositive power with respect to 1,104,124 shares. Its subsidiary, Barclays Global Fund Advisors, has sole voting power of 1,054,352 shares and sole dispositive power with respect to 1,058,752 shares. In addition, its subsidiary, Palomino Limited, has sole voting power and sole dispositive power with respect to 172,200 shares. The information is as of February 14, 2005, the date of the most recent report on Form 13G received by Toro. Share amount is adjusted to reflect a 2-for-1 stock split effective March 28, 2005.

(4) Includes Common Stock units credited under The Toro Company Deferred Compensation Plan for Non-Employee Directors. For additional information on this plan, see Proposal One Board Compensation Other Arrangements. Units credited for each of the nonemployee directors at January 17, 2006 were as follows: Mr. Baukol 3,861 units, Mr. Buhrmaster 3,861 units, Mr. Buxton 2,079 units, Ms. Cooper 9,207 units, Mr. Nassau 14,256 units, Mr. Olseth 14,256 units, Mr. Steinhafel 1,188 units, Mr. Twomey 2,079 units and Mr. Wingate 14,256.

(5) Includes Common Stock units credited under The Toro Company Deferred Compensation Plan for Officers (Officers Deferred Plan). Amounts credited represent shares of Common Stock earned, and that would otherwise have been issued, in prior years under The Toro Company Performance Share Plan (the Performance Share Plan), a stockholder-approved incentive compensation plan. Also includes Common Stock units credited in lieu of cash payments that were earned and otherwise would have been paid in prior years, and matching units that have fully vested, under the Annual Management Incentive Plan (the Annual Incentive Plan), a stockholder-approved incentive compensation plan. Shares are credited as Common Stock units and fluctuate with the value of Toro s Common Stock. If Toro pays a dividend on its Common Stock, we credit participants accounts with additional Common Stock units having a value equal to cash dividends that would have been paid, based on the market price of Common Stock on the date the dividend is paid. Common Stock units are distributed only in shares of Common Stock. Units credited for each of the named executive officers at the Record Date were: Mr. Hoffman 44,493 units, Mr. Melrose 845,431 units, Mr. Wolfe 233,069 units, Mr. Ford 12,935 units, Ms. Meyer 195,759 units and Mr. McIntyre 87,646 units. All directors and officers as a group hold 1,696,205 units.

(6) Includes shares held in trusts for estate planning purposes as follows: 32,755 for Mr. Buxton, 22,561 for Mr. Twomey, 29,556 for Mr. Wolfe and 154,026 shares for all directors and executive officers as a group, including spouses. The amount shown for Mr. Melrose includes 1,832 shares held of record by Mr. Melrose as custodian for minor children under the Minnesota Uniform Transfer to Minors Act.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The rules of the Securities and Exchange Commission (SEC) require us to disclose the identity of directors, executive officers and beneficial owners of more than 10% of the Common Stock of Toro who did not file on a timely basis reports required by Section 16 of the Securities Exchange Act of 1934. Based on review of reports filed by these reporting persons on the SEC s electronic filing system (EDGAR), Toro believes that all directors and executive officers complied with all filing requirements applicable to them during Fiscal 2005, except that a Form 4 reporting an option exercise by Mr. Wingate, a nonemployee director, and a Form 3 reporting initial holdings by Thomas Swain, an executive officer, were not filed on a timely basis due to administrative oversight. A Form 4 reporting Mr. Olseth s Fiscal 2004 purchase of stock in lieu of receiving cash directors fees was filed in Fiscal 2005, as was a Form 5 reporting a Fiscal 2001 gift by Dennis Himan, an executive officer. Toro has no owners of more than 10% of its Common Stock.

PROPOSAL ONE ELECTION OF DIRECTORS

Under Article VI, Section 1 of Toro s Amended and Restated Certificate of Incorporation, the Toro Board of Directors may be comprised of between eight and twelve directors. During Fiscal 2005 the number of directors was fixed at twelve so that both Kendrick B. Melrose and Michael J. Hoffman could serve during the period of the Chief Executive Officer succession. The Board has fixed the number at eleven. The Board is divided into three classes, with each class elected in a different year for a term of three years. The two nominees for election at the 2006 Annual Meeting Janet K. Cooper and Gregg W. Steinhafel have consented to serve if elected. Messrs. Melrose and Wingate, whose terms expire in March 2006, have advised Toro they will not stand for re-election. Mr. Olseth has submitted his resignation effective March 15, 2006, consistent with his previously disclosed plan to serve only through the first year of his term in order to assist in the Chief Executive Officer transition. The Nominating and Governance Committee has not yet identified nominees to fill the two vacancies. Therefore, following the election, the Board will be comprised of nine directors. Under Toro s Bylaws, the Board has the power to fill the vacancies, if nominees are later identified by the committee, or to appoint a substitute, if any nominee is unable to stand for election.

Director Independence

The Board has affirmatively determined that none of the continuing nonemployee directors Messrs. Baukol, Buhrmaster, Buxton, Ms. Cooper, Ms. Harless, and Messrs. Nassau, Steinhafel and Twomey has a material relationship with Toro within the meaning of the NYSE listing standards and each is independent from management and from Toro s independent registered public accounting firm, as required by the independence standards of NYSE. The Board made its determination by reviewing, against the independence standards described below, all transactions or relationships between each director, any member of his or her immediate family and any affiliate of such director, and Toro, its senior management and its independent registered public accounting firm, including the transactions discussed below under Certain

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Relationships and Related Transactions . The Board has established the following standards to ensure Toro director independence:

- No director who is or was during the preceding three years an employee of Toro or who has served as an executive officer of Toro may be considered independent.

- No director whose immediate family member is or was during the preceding three years an executive of Toro may be considered independent.

- No director who is a current partner or employee of Toro s independent external auditor, or whose immediate family member is a current employee of such firm and participates in that firm s audit, assurance or tax compliance practice, may be considered independent.

- A director will not be considered independent if, within the preceding three years,

- The director or an immediate family member of the director, or any business or entity owned solely by a director or any director s immediate family member, has received more than $100,000 in any 12-month period in direct compensation from Toro (other than director and committee fees and deferred compensation for prior services);

- The director was employed by or affiliated with Toro s independent external auditor or otherwise personally worked on Toro s audit;

- An immediate family member of the director was employed by Toro s independent external auditor, including as a partner, principal or manager, or otherwise personally worked on Toro s audit;

- An executive officer of Toro was on the compensation committee of a company which employed the director or an immediate family member of the director as an officer;

- The director was an executive officer or employee of, or that director s immediate family member was an executive officer of, another company or tax exempt organization that does business with Toro and the annual payments by Toro to, or the receipt of payments by Toro from, such other company or tax exempt organization are at least (i) $1,000,000 or (ii) two percent, whichever is greater, of the annual consolidated gross revenues of such company or tax exempt organization; or

- The director is an executive officer of another company that is indebted to Toro, or to which Toro is indebted, and the total amount of either company s outstanding indebtedness (excluding registered securities) to the other exceeds two percent of the total consolidated assets of the company for which he or she serves as an executive officer.

- For relationships not covered by these standards, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, will be made by the directors who satisfy the independence standards set forth above.

- Board members may not accept personal loans from Toro.

- Audit Committee members may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from Toro (other than director and committee fees), and must otherwise meet additional independence requirements for Audit Committee members prescribed by SEC rules.

Certain Relationships and Related Transactions

Toro has transactions in the ordinary course of business with unaffiliated corporations of which some non-employee directors are officers. These transactions do not violate the Board-adopted independence standards described above. We do not consider the amounts involved in such transactions to be material in relation to our business and believe that such amounts are not material in relation to the business of the other unaffiliated corporations or the interests of the non-employee directors involved.

Board Meetings During Fiscal 2005

The Board held seven meetings in person and three conference call meetings during Fiscal 2005. 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.

It is Toro s policy that all directors should attend the Annual Meeting of Stockholders and Toro regularly schedules a Board meeting on the same day as the Annual Meeting. All twelve members of the Board attended the 2005 Annual Meeting.

The following information with respect to business experience of nominees for election to the Board and the continuing directors has been furnished by the respective directors or nominees or obtained from the records of Toro.

Nominees for Election to Board of Directors (Term ending after Fiscal 2008)

Janet K. Cooper, age 52. Senior Vice President and Treasurer of Qwest Communications International Inc. (Qwest), Denver, Colorado (telecommunications) since September 2002. From January 2001 to June 2002 she served as Chief Financial Officer and Senior Vice President of Finance and Administration of McDATA Corporation, Broomfield, Colorado. From July 2000 to January 2001, she was Senior Vice President, Finance, Qwest. She served in several executive positions with U S West, Inc., including from June 1999 to June 2000, Vice President Finance and Controller. First elected to the Toro Board in 1994, she is Chair of the Audit Committee and a member of the Compensation and Human Resources Committee. Ms. Cooper is a director of Lennox International Inc.

Gregg W. Steinhafel, age 51. President of Target Stores, a division of Target Corporation, Minneapolis, Minnesota (retailing) since August 1999. First elected to the Toro Board in 1999, he is a member of the Audit Committee, the Compensation and Human Resources Committee and the Executive Committee.

Members of Board of Directors Continuing in Office (Term ending after Fiscal 2006)

Robert C. Buhrmaster, age 58. Retired since 2004. From February 1998 Chairman and from May 1994 Chief Executive Officer until he retired, Jostens, Inc., Minneapolis, Minnesota (consumer manufacturing). From May 1994 to January 2003 he also served as President. First elected to the Toro Board in 1996, he is a member of the Audit Committee, Nominating and Governance Committee and the Executive Committee. Mr. Buhrmaster is a director of Innovex, Inc.

Winslow H. Buxton, age 66. Retired since 2002. From January 1993 through April 2002 served as Chairman of the Board of Directors, Pentair, Inc., Saint Paul, Minnesota (diversified manufacturing). In addition, he served as Chief Executive Officer from August 1992 through December 2000. First elected to the Toro Board in 1998, he is Chair of the Nominating and Governance Committee and a member of the Audit Committee and the Executive Committee. Mr. Buxton is a director of Bemis Company, Inc.

Robert H. Nassau, age 64. Regional Director of Corporate Accounts of F2 Intelligence Group, Minneapolis, Minnesota (consulting) since November 2003. Owner and Chief Executive Officer since February 2000, Nasly Inc., an inactive corporation since June 2003, Lahaina, Hawaii. First elected to the Toro Board in 1988, he is a member of the Compensation and Human Resources Committee and the Nominating and Governance Committee.

Christopher A. Twomey, age 57. Chairman of the Board of Arctic Cat Inc., Thief River Falls, Minnesota (recreational vehicle manufacturer) since August 2003 and Chief Executive Officer and President since February 1986. First elected to the Toro Board in 1998, he is a member of the Audit Committee and the Nominating and Governance Committee. Mr. Twomey is a director of Arctic Cat Inc.

Members of Board of Directors Continuing in Office (Term ending after Fiscal 2007)

Ronald O. Baukol, age 68. Retired since 2002. From May 1995 through February 2002 served as Executive Vice President, International Operations, 3M Company, Saint Paul, Minnesota (diversified technology). First elected to the Toro Board in 1995, he is a member of the Executive Committee, the Compensation and Human Resources Committee and the Nominating and Governance Committee.

Katherine J. Harless, age 54. President of Verizon Information Services, Inc., Dallas, Texas (publisher) since June 2000. From July 1996 to August 2000, she served as President, GTE Airfone, Inc. First elected to the Toro Board in 2000, she is a member of the Compensation and Human Resources Committee and the Nominating and Governance Committee.

Michael J. Hoffman, age 50. Chief Executive Officer of Toro since March 2005 and President since October 2004. He also served as Chief Operating Officer from October 2004 to March 2005. From November 2002 to October 2004, he served as Group Vice President, Consumer, Exmark, Landscape Contractor and International Businesses. From May 2001 to October 2002, he served as Group Vice President, Consumer and Landscape Contractor Businesses. From May 2000 to May 2001, he served as Vice President and General Manager, Consumer Business. Mr. Hoffman is a director of Donaldson Company, Inc.

The Board of Directors unanimously recommends a vote FOR the election of both nominees for director.

Board Committees

The Board has four committees with the principal functions described below. The charter of each committee, except the Executive Committee, is posted on our web site at www.thetorocompany.com/corporategovernance. A printed copy of each charter is available to any stockholder upon request to Toro s Assistant Corporate Secretary at 8111 Lyndale Avenue South, Bloomington, Minnesota, by telephone at 888-237-3054, or by email at jeanne.ryan@toro.com.

Executive Committee. The Executive Committee may exercise all of the powers and authority of the Board, including the power to declare dividends on Toro Common Stock, during intervals between meetings of the Board. No meetings of the committee were held during Fiscal 2005.

Audit Committee. The Audit Committee oversees Toro s accounting and financial reporting processes and audits of its financial statements. The committee assists the Board in oversight of the quality and integrity of Toro s financial reports, its compliance with legal and regulatory requirements, the independent registered public accounting firm s qualifications and independence and the performance of Toro s internal audit function, as well as accounting and reporting processes.

Toro has long required that its Audit Committee be composed entirely of directors who are not employees of Toro and have no relationship that would interfere with their independence from management and the Company, including independence within the meaning of applicable NYSE listing standards. Each member must also be financially literate under NYSE listing standards, or become financially literate within a reasonable period of time after appointment. The Chair of the committee must have such accounting or related financial management expertise as to be considered a financial expert under rules of the Securities and Exchange Commission adopted pursuant to requirements of the Sarbanes-Oxley Act of 2002.

The Board has determined that all members of the committee are independent and financially literate and that Audit Committee Chair, Janet K. Cooper, meets the definition of financial expert as a result of her experience in senior corporate executive positions with financial oversight responsibilities, including Senior Vice President and Treasurer of Qwest, and Chief Financial Officer and Senior Vice President of Finance and Administration of McDATA Corporation, as well as other finance positions with Qwest and The Quaker Oats Company. Stockholders should understand that this designation is an SEC disclosure requirement related to Ms. Cooper s experience and understanding with respect to certain accounting and auditing matters. The designation does not impose on her any duties, obligations or liability that are greater than are generally imposed on her as a member of the Audit Committee and the Board, and her designation as a financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board. Other members of this committee who have served as chief executive officers of public companies may also be considered financial experts.

Among the committee s duties are reviewing and evaluating at least annually the qualifications, independence and performance of Toro s independent public accountants and selecting, engaging, retaining and compensating them; reviewing and approving in advance the scope, magnitude and budgets of all examinations of Toro s financial statements by the auditors; reviewing general policies and procedures with respect to accounting and financial matters and internal controls; reviewing and approving in advance the retention of the independent registered public accounting firm for all types of audit and nonaudit services to be performed by independent public accountants and approving the fees for such services; meeting with independent public accountants not less than once a year without Company representatives to discuss internal controls and accuracy and completeness of the financial statements; reviewing Toro s Code of Conduct and its Code of Ethics for CEO and Senior Financial Officers, as well as policies and procedures for the receipt, retention and treatment of complaints from employees on accounting, internal accounting controls or auditing matters; receiving analyses and comments regarding accounting pronouncements; reviewing results of audits with the independent public accountants and management with a focus on difficulties encountered, material errors or irregularities, weaknesses in internal accounting controls and similar issues; and notifying the Board of major problems or deficiencies discovered with respect to the committee s duties. The committee must annually review the adequacy of its charter and its own performance.

The Audit Committee held four meetings in person and conducted eight interim telephone conference calls during Fiscal 2005. At each of the meetings in person the committee met in private session with Toro s independent registered public accounting firm. At two of these meetings, the committee met in private session with management and at one of these meetings, met in private session with the Company s internal auditor. Additional information regarding the Audit Committee and Toro s independent registered public accounting firm is disclosed under the Audit Committee Report and Proposal Three.

Compensation and Human Resources Committee. The Compensation and Human Resources Committee is responsible for reviewing and monitoring human resource and organizational matters and has overall responsibility for approving, evaluating and making recommendations regarding all compensation plans, policies and programs of Toro as they affect the President and Chief Executive Officer, elected officers, other executive officers and management. All members of the committee meet the independence requirements of applicable NYSE listing standards. The committee has sole authority to retain and terminate any external compensation consultant used in the evaluation of the President and Chief Executive Officer or elected officer compensation, including approval of fees. The committee approves incentive compensation awards and overall compensation levels, including annual base salaries and annual incentive opportunities for officers referred to in Section 162(m) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). The committee annually reviews and approves overall employee salary policies, as well as equity-based programs for all categories of employees. The committee monitors Toro s compliance with requirements under the Sarbanes-Oxley Act of 2002 relating to 401(k) plans and loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits. The committee reviews and determines the form and amount of compensation for independent directors and must annually review the adequacy of its charter and its own performance. Two meetings of the committee were held during Fiscal 2005.

Nominating and Governance Committee. The Nominating and Governance Committee assists the Board by identifying individuals qualified to become Board members and by recommending director nominees for the annual meeting of stockholders. It also recommends to the Board the Corporate Governance Guidelines applicable to Toro, leads the Board in its annual review of the Board s performance and recommends director nominees for each committee. All members of this committee meet the independence requirements of applicable NYSE listing standards. The committee has sole authority to retain and to terminate any search firm to be used to identify director candidates and has sole authority to approve the search firm s fees and other retention terms. The committee has retained a search firm to assist in identifying candidates for the Board vacancies. The committee actively seeks individuals qualified to become Board members and makes recommendations based on experience, expertise and geographical representation. The committee, with the participation of the Chairman of the Board, annually polls the Board about directors whose terms are expiring and recommends that any director who does not continue to have the affirmative support of a majority of the members of the Board not stand for election. The committee must annually review the adequacy of its charter and its own performance. Two meetings of the committee were held during Fiscal 2005.

Stockholder Nominees. The committee does not have an express policy with regard to consideration of director candidates recommended by stockholders because Toro s Bylaws permit a stockholder to nominate a candidate. The Nominating and Governance Committee will consider director candidates proposed by stockholders. Those candidates must be highly qualified and exhibit the experience and expertise required of the Board s own pool of candidates, as well as an interest in Toro s businesses, and have the demonstrated ability to attend and prepare for Board, committee and stockholder 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 stockholders and not those of a special interest group. A stockholder wishing to nominate a candidate should do so in accordance with the guidelines set forth on page 35. See Other Information Stockholder Proposals for 2007 Annual Meeting below.

The Audit Committee Report that follows, the Compensation and Human Resources Committee Report on page 23 and the Performance Graph on page 22 shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934, or to the liabilities of Section 18 of that act. Notwithstanding anything to the contrary set forth in any of Toro s previous filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate future filings, including this Proxy Statement, in whole or in part, neither of the reports nor the Performance Graph shall be incorporated by reference into any such filings.

Audit Committee Report

This report is furnished by the Audit Committee of the Toro Board of Directors with respect to Toro s financial statements for Fiscal 2005. The committee operates pursuant to a written charter first adopted by the Board on October 11, 1988 and amended four times, most recently on September 23, 2003.

The ultimate responsibility for good corporate governance rests with the Board, whose primary roles are oversight, counseling and providing direction to Toro s management in the best long-term interests of Toro and its stockholders. The Audit Committee s purpose is to oversee Toro s accounting and financial reporting processes and audits of Toro s annual financial statements.

Toro management is responsible for the preparation and presentation of complete and accurate financial statements. The independent registered public accounting firm, KPMG LLP, is responsible for performing an independent audit of Toro s financial statements in accordance with generally accepted auditing standards and for issuing a report on their audit. The independent registered public accounting firm is also responsible for auditing Toro s internal control over financial reporting and management s assessment thereof.

In performing its oversight role, the Audit Committee has reviewed and discussed with management Toro s audited financial statements for Fiscal 2005. Management represented to the Audit Committee that Toro s consolidated financial statements were prepared in accordance with generally accepted accounting principles. The Audit Committee has also discussed with KPMG LLP, Toro s independent registered public accounting firm for Fiscal 2005, the matters required to be discussed by Statement on Auditing Standards 61, Communication with Audit Committees (Codification of Statements on Auditing Standards, AU 380), as in effect for Toro s Fiscal 2005. The Audit Committee has received the written disclosures and the letter from KPMG LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) as in effect for Toro s Fiscal 2005. The committee has discussed with KPMG LLP their independence and concluded that the independent registered public accounting firm 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 the role and responsibilities of the committee in its charter, the Audit Committee recommended to the Board of Directors that Toro s audited financial statements for Fiscal 2005 be included in Toro s Annual Report on Form 10-K for the fiscal year ended October 31, 2005, for filing with the Securities and Exchange Commission.

Audit Committee

Janet K. Cooper, Chair	Gregg W. Steinhafel
Robert C. Buhrmaster	Christopher A. Twomey
Winslow H. Buxton	Edwin H. Wingate

Board Compensation

Fees and Stock Awards. Compensation for Toro directors who are not employees of Toro is designed to link a director s compensation with stockholder interests by including stock components as well as cash. Cash and equity compensation were increased in Fiscal 2005. In Fiscal 2005 the Compensation and Human Resources Committee hired Hewitt Associates LLC, a compensation consulting firm, to conduct an independent evaluation of the market competitiveness of Toro s director compensation program. Based on the results of the Hewitt study, the committee approved increases in cash and equity compensation. Effective July 19, 2005, the annual retainer for Board service was increased from $20,000 to $30,000, a fee for each telephone meeting was established at $500, and an annual retainer of $5,000 was established for the Chairs of the Audit Committee and the Compensation and Human Resources Committee.

The Toro Company 2000 Directors Stock Plan was also amended so that effective November 1, 2005, the value of the annual grant of Common Stock increased from $10,000 to $20,000 (valued at the average of the closing prices of Common Stock during the three months prior to the award). In addition, the method for calculating the number of shares included in the annual Directors Option grant under the plan was modified. In the past each director received a 2,000 share stock option award with vesting in approximately equal installments on each of the first, second and third anniversaries after the date of grant (with an exercise price per share equal to 100% of the fair market value of one share of Common Stock on the date of grant, which is the first business day of the fiscal year). Beginning on November 1, 2005, the number of shares covered by a Directors Option is determined by dividing $40,000 by the grant date fair value for an option to purchase one share of Common Stock, determined using a binomial valuation method. For November 1, 2005, this calculation resulted in a grant to each director of an option to purchase 3,546 shares of Common Stock. Vesting and other terms are unchanged.

All other compensation, which is paid quarterly, remained the same as in the past including a meeting fee for each meeting of the Board or a committee attended of $1,000, except that no more than one committee meeting fee is paid for multiple committee meetings held in a single day. The Chair of the Audit Committee receives $3,000 for each meeting attended and the Chairs of each of the other board committees receive $2,000 for each meeting they attend. A director may elect to receive the annual retainer fee and meeting fees in cash or shares of Common Stock, or a combination of both. Toro also supplies directors with Toro products for their personal use at no charge, with a $6,000 limit on irrigation systems.

Other Arrangements. An outside director may elect to defer receipt of both cash and Common Stock fee compensation under the Deferred Compensation Plan for Non-Employee Directors. Interest is accrued quarterly on deferred cash amounts at the average prime rate charged by U. S. Bank National Association, Minneapolis, Minnesota (ranging from 4.94% to 6.42% in Fiscal 2005). Common Stock compensation is deferred as Common Stock units that fluctuate in value with the market price of Toro s stock. Dividends paid on Toro Common Stock are credited as additional Common Stock units in a director s Common Stock units account. Ms. Cooper deferred cash compensation in the past and her account continues to be credited with interest. Ms. Harless deferred cash and stock compensation in the past but, as permitted under the Plan, received a lump sum distribution in Fiscal 2005 in the amount of $90,185 in cash and 2,965 shares of Common Stock valued at $125,153.

Each director is a party to an indemnification agreement that assures the director of indemnification and advancement of expenses to the fullest extent permitted by Delaware law and Toro s Amended and Restated Certificate of Incorporation, and of continued coverage under Toro s directors and officers liability insurance, to the extent it is maintained.

EXECUTIVE COMPENSATION

Summary Compensation Table

The table below shows compensation for the last three fiscal years for the two individuals who served as Toro s Chief Executive Officer during Fiscal 2005 and the four other most highly compensated executive officers who were serving as executive officers on October 31, 2005.

					Long-Term Compensation				
		Annual Compensation			**Awards**		**Payouts**		
				Other Annual	**Restricted**		**LTIP**		**All Other**
Name and		**Salary**	**Bonus**	**Compensation**	**Stock**	**Options**	**Payouts**		**Compensation**
Principal Position	**Year**	**($)**	**($)(1)**	**($)(2)**	**($)**	(#)(3)	**($)(4)**		**($)(5)**
Michael J. Hoffman*	2005	$ 550,000	$ 385,743	$ 187,869	0	40,000	$ 1,337,435		$ 121,494
President & Chief	2004	323,700	293,758	851,869	0	27,000	1,172,239		227,692
Executive Officer	2003	310,000	193,905	0	0	42,000	296,419		99,695
Kendrick B. Melrose**	2005	614,959	350,686	74,127	0	4,000	7,729,785	(6)(7)	152,186
Chairman of the Board	2004	740,632	940,971	1,345,139	0	114,000	4,688,957		798,809
	2003	711,625	613,207	52,162	0	188,000	2,100,342		429,055
Stephen P. Wolfe	2005	343,999	204,740	1,010,607	0	21,400	1,530,628		75,436
Vice President Finance &	2004	310,758	282,013	1,736,446	0	29,000	1,214,896		226,772
Chief Financial Officer	2003	298,790	183,905	603,520	0	46,000	567,431		131,023
Timothy A. Ford	2005	320,750	190,349	883,966	0	16,200	1,069,939		68,127
Executive Vice President	2004	291,200	264,264	771,781	0	22,000	825,538		177,015
	2003	280,000	172,340	0	0	32,000	359,456	(8)	80,901
Karen M. Meyer	2005	318,000	188,717	1,356.024	0	20,400	1,411,735		73,602
Vice President,	2004	292,738	265,660	1,257,857	0	28,000	1,150,911		210,230
Administration	2003	280,967	172,935	591,469	0	44,000	533,555		123,170
J. Lawrence McIntyre	2005	275,000	148,363	0	0	14,000	1,010,514		55,783
Vice President,	2004	256,774	234,153	786,920	0	20,000	916,448		175,824
Secretary &	2003	250,494	154,179	1,008,740	0	32,000	340,173		119,815
General Counsel									

* Mr. Hoffman became Chief Executive Officer on March 15, 2005, succeeding Mr. Melrose.

** Mr. Melrose served as Chairman of the Board and Chief Executive Officer until March 15, 2005, when he became Executive Chairman of the Board. He retired as an officer and employee of Toro on December 31, 2005, and effective January 1, 2006, serves as Chairman of the Board.

(1) Amounts reflect payments made, or deferred at the election of the officer, pursuant to the Annual Incentive Plan as in effect for the fiscal year indicated. The amount shown for Mr. Melrose reflects a payment under the Annual Incentive Plan prorated for the period of his service as Chief Executive Officer, and an $89,063 bonus for his services as Executive Chairman of the Board from March 15, 2005 to October 31, 2005. For more information on this plan and on Mr. Melrose s bonus, see the Compensation and Human Resources Committee Report.

(2) Includes the dollar value of the difference between the fair market value and the option exercise price (before payment of applicable income taxes) on stock options exercised. Fair market value is the closing price of the Common Stock on NYSE on the date of exercise or actual sale price. All of these options have an exercise price equal to fair market value on the date of grant. Also includes $74,127 for executive perquisites for Mr. Melrose, of which $30,720 was for an automobile lease and related expenses. The value of executive perquisites provided

to the other executives, including Mr. Hoffman, did not exceed the lesser of $50,000 or 10% of the compensation reported in the table. For additional information see the Compensation and Human Resources Committee Report.

(3) Amounts reflect options granted pursuant to The Toro Company 2000 Stock Option Plan as adjusted to reflect 2-for-1 stock splits effective March 28, 2005 and April 1, 2003. For information on Toro s stock option plans, see Stock Options on page 18 under this Executive Compensation section.

(4) Amounts shown for Fiscal 2005 reflect the value of Performance Shares that vested for the three-year award term of Fiscal 2003 through 2005 under the Performance Share Plan, a long-term incentive plan described in greater detail in the Compensation and Human Resources Committee Report. Performance Shares that vested with respect to Fiscal 2003 to 2005 are valued as of December 7, 2005, the payment date established by the committee based on the date audited financial statement information for Fiscal 2005 was released to the public. Award payouts were based on cumulative net income plus after tax interest expense and cumulative average net assets turns performance goals for the Fiscal 2003 to 2005 performance period. Shares issued or credited to each officer with respect to Fiscal 2005 are as follows: Mr. Hoffman 32,374, Mr. Melrose 143,440, Mr. Wolfe 36,936, Mr. Ford 25,819, Ms. Meyer 34,067 and Mr. McIntyre 24,385. Amounts shown for Fiscal 2004 reflect the value of Performance Shares that vested for the three-year award term of Fiscal 2002 through 2004. Amounts shown for Fiscal 2003 reflect the value of Performance Shares that vested for a three-year performance period of Fiscal 2001 through 2003 for Messrs. Hoffman, Melrose, Wolfe, Ms. Meyer and Mr. McIntyre and a two-year transitional performance period of Fiscal 2002 and 2003 for Mr. Ford. Share amounts are adjusted as necessary to reflect 2-for-1 stock splits effective on each of March 28, 2005 and April 1, 2003.

(5) Amounts include Toro contributions to The Toro Company Investment, Savings and Employee Stock Ownership Plan (a defined contribution retirement plan) for calendar years 2005, 2004 and 2003 ($25,500 allocated to each of Messrs. Hoffman, Melrose, Wolfe, Ford, Ms. Meyer and Mr. McIntyre for calendar year 2005). Also includes amounts accrued pursuant to Toro s Supplemental Management Retirement Plan for executive officers who receive annual compensation of $210,000 or more ($93,881 for Mr. Hoffman, $108,123 for Mr. Melrose, $44,838 for Mr. Wolfe, $39,888 for Mr. Ford, $39,378 for Ms. Meyer and $27,755 for Mr. McIntyre for calendar year 2005). Participants accounts are credited with an amount equal to the difference between the amount that would have been allocated to tax-qualified profit sharing and other defined contribution plans based on the officer s total compensation, without regard to the $25,500 contribution limitation imposed by the Internal Revenue Code, and the $25,500 limit. These accounts are called excess benefit accounts . For calendar 2005, the amounts credited were lower than in prior years because beginning in 2005 Toro excluded the value of compensation paid under Performance Share Awards from the calculation of an officer s total compensation for the purpose of making the excess benefit account contribution. Amounts shown for 2004 reflect a correction in amounts previously reported, due to a change in the method of calculation for that year only. Also includes the dollar value of above-market interest accrued during the fiscal year on excess benefit and other dollar-denominated deferred compensation accounts (for Fiscal 2005, $2,113 for Mr. Hoffman, $18,563 for Mr. Melrose,

$5,093 for Mr. Wolfe, $2,739 for Mr. Ford, $12,906 for Ms. Meyer and $2,529 for Mr. McIntyre.) Although amounts credited to such accounts remain a part of Toro s general assets until distributed to participants, if there is a change of control of Toro (as defined in the plans), we will transfer to a trust an amount in cash equal to the total amount of accrued benefits for all participants. Because these plans operate on a calendar year basis, a small portion of the amounts shown for each fiscal year may have been accrued with respect to a different fiscal year.

(6) Amount includes the value of 48,908 shares of restricted stock which vested under the Chief Executive Officer Succession Incentive Award Agreement when the Board of Directors elected Mr. Hoffman as successor to Mr. Melrose and the Compensation and Human Resources Committee certified Mr. Melrose s achievement of the final performance goal under that agreement. The value is based on the closing price of the Common Stock on the NYSE ($43.5250) on March 15, 2005, the date the Compensation and Human Resources Committee certified goal achievement. The number of shares and stock price are adjusted to reflect 2-for-1 stock splits effective on each of March 28, 2005 and April 1, 2003.

(7) Amount does not include the value of performance units that vested under the Chief Executive Officer Succession Incentive Award Agreement or the value of payments to be made for consulting and office support under that agreement. The performance units vested effective December 31, 2005, when Mr. Melrose entered into a Post-Retirement Consulting and Noncompetition Agreement, entitling him to an annuity having a value of $3,056,122, based on the value of Toro Common Stock on December 30, 2005. He also became entitled to consulting and office support payments having an aggregate value as of January 1, 2006 of $586,309. See Compensation and Human Resources Committee Report.

(8) The amount shown for Mr. Ford for Fiscal 2003 was for a two-year transition award for Fiscal 2002 and 2003.

Employment Agreements

Change in Control Agreements. Each of the executive officers, including those named in the Summary Compensation Table, is a party to a change of control employment agreement adopted in Fiscal 1995 and amended in Fiscal 1998. The agreements are operative only upon the occurrence of a change in control , which includes substantially those events described below. Absent a change in control, the agreements do not require Toro to retain the executives or to pay them any specified level of compensation or benefits.

Each agreement provides that for three years after a change in control, there will be no adverse change in the executive s salary, bonus opportunity, benefits or location of employment. If during this three year period the executive s employment is terminated by Toro other than for cause, or if the executive terminates employment for good reason (as defined in the agreements, and including compensation reductions, demotions, relocation and excess travel), or voluntarily during the 30 day period following the first anniversary of the change in control, the executive is entitled to receive all accrued salary and annual incentive payments through the date of termination and, except in the event of death or disability, a lump sum severance payment (Lump Sum Payment) equal to three times the sum of base salary and annual bonus (and certain insurance and other welfare plan benefits). Further, in the event an excise tax is imposed on payments under the agreement, an additional payment (gross-up) is required in an amount such that after the payment of all taxes, both income and excise, the executive will be in the same after-tax position as if no excise tax under the Internal Revenue Code had been imposed.

Generally, and subject to certain exceptions, a change in control is deemed to have occurred if: (a) a majority of Toro s Board of Directors becomes comprised of persons other than persons for whose election proxies have been solicited by the Board, or who are then serving as directors appointed by the Board to fill vacancies caused by death or resignation (but not removal) of a director or to fill newly created directorships; (b) another party becomes the beneficial owner of at least 15% of Toro s outstanding voting stock; or (c) Toro s stockholders approve a definitive agreement or plan to merge or consolidate Toro with another party (other than certain limited types of mergers), to exchange shares of voting stock of Toro for shares of another corporation pursuant to a statutory exchange, to sell or otherwise dispose of all or substantially all of Toro s assets, or to liquidate or dissolve Toro.

If a change in control of Toro had occurred on January 1, 2006 and had resulted in the involuntary termination of the Chief Executive Officer and the named executive officers, excluding Mr. Melrose, who has retired, at that time or the termination by such executives for good reason, the Lump Sum Payment to be made to the Chief Executive Officer and the named executive officers in the aggregate would have been approximately $10,202,747 (before excise tax). Toro has also established a trust for the benefit of these officers which, in the event of a change of control, must be funded in an amount equal to Toro s accrued liability related to the agreements.

Stock Options

Toro has outstanding options granted under two stock option plans, The Toro Company 1993 Stock Option Plan and The Toro Company 2000 Stock Option Plan. The 1993 Plan terminated August 17, 2003 and no more options may be granted under that plan. The plans are administered by the Compensation and Human Resources Committee which selects employees to whom options are granted. As of January 17, 2006, 386,622 shares of Common Stock remained available for new grants under the 2000 Plan. Options granted to executive officers in Fiscal 2005 have a term of ten years and vest in three approximately equal installments on each of the first, second and third anniversaries after the date of grant. The 2000 Plan is proposed to be amended to increase the number of shares available for option grants. For additional information on this plan, see Proposal Two and the Compensation and Human Resources Committee Report.

Option Grants in Fiscal 2005

The following table shows options granted under the 2000 Plan during Fiscal 2005 to the two individuals who served as Toro s Chief Executive Officer during Fiscal 2005 and the four other named executive officers, adjusted for a 2-for-1 stock split effective March 28, 2005.

Name	Individual Grants Number of Shares Underlying Options Granted (#)	Percent of Total Options Granted to Employees In Fiscal Year	Exercise or Base Price ($ Per Share)	Expiration Date	Grant Date Value Grant Date Present Value($)(1)
Michael J. Hoffman	40,000	8.53 %	$ 37.02	12/2/2014	$ 595,400
Kendrick B. Melrose	4,000	.85	37.02	12/2/2014	59,540
Stephen P. Wolfe	21,400	4.56	37.02	12/2/2014	318,539
Timothy A. Ford	16,200	3.46	37.02	12/2/2014	241,137
Karen M. Meyer	20,400	4.35	37.02	12/2/2014	303,654
J. Lawrence McIntyre	14,000	2.99	37.02	12/2/2014	208,290

(1) The grant date present value shown is an estimate only, arrived at using the Black-Scholes option pricing model, with the following weighted average assumptions as of the December 2, 2004 grant date: risk-free interest rate of 4.04%, expected life of option of 7 years, expected dividend yield of 0.18% and expected stock volatility of 30.41%.

Aggregated Option Exercises in Fiscal 2005
And Fiscal Year-End Values

The following table summarizes stock options exercised during Fiscal 2005 by the two individuals who served as Toro s Chief Executive Officer during Fiscal 2005 and the four other named executive officers, and the total number of options held by each as of October 31, 2005, as adjusted for a 2-for-1 stock split effective March 28, 2005.

Name	Shares Acquired on Exercise(#)	Value Realized($)	Number of Securities Underlying Unexercised Options at Fiscal Period End(#) Exercisable	Unexercisable(2)	Value of Unexercised In-the-Money Options at Fiscal Period End($)(1) Exercisable	Unexercisable
Michael J. Hoffman	5,400	$ 187,869	174,000	58,000	$ 4,309,824	$ 222,300
Kendrick B. Melrose	0	0	954,000	80,000	24,539,865	938,600
Stephen P. Wolfe	28,680	1,010,607	158,956	40,732	3,791,402	238,750
Timothy A. Ford	28,000	883,966	71,334	30,866	1,532,815	181,125
Karen M. Meyer	38,708	1,356,024	130,598	39,066	3,025,063	230,525
J. Lawrence McIntyre	0	0	6,668	27,332	82,350	164,650

(1) Difference between October 31, 2005 closing price of the Common Stock on the NYSE ($36.51) and the option exercise price.

(2) One-third of each of these share amounts vested and became exercisable on December 2, 2005 (Fiscal 2006).

Long Term Incentive Compensation

The following table shows awards of long term incentive compensation made during Fiscal 2005 under the Performance Share Plan to the two individuals who served as Toro s Chief Executive Officer and the four other named executive officers, adjusted for the 2-for-1 stock split effective March 28, 2005.

Name	Number of Shares, Units or Other Rights (#)(1)	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price-Based Plan(s)(2) Threshold (#)	Target (#)	Maximum (#)
Michael J. Hoffman	1 Award	Fiscal 2005 through 2007	1	18,000	36,000
Kendrick B. Melrose	0 Award	Fiscal 2005 through 2007	0	0	0
Stephen P. Wolfe	1 Award	Fiscal 2005 through 2007	1	9,600	19,200
Timothy A. Ford	1 Award	Fiscal 2005 through 2007	1	7,200	14,400
Karen M. Meyer	1 Award	Fiscal 2005 through 2007	1	9,000	18,000
J. Lawrence McIntyre	1 Award	Fiscal 2005 through 2007	1	6,200	12,400

(1) Performance Share Awards are granted under the Performance Share Plan. A Performance Share Award is a right to receive shares of Common Stock if Toro achieves pre-established financial performance goals during a performance period, usually three years. If performance goals are achieved at levels above or below a pre-established target level, the number of shares issued in payment of the award will be increased or reduced, including to zero. For additional information on this plan, see the Compensation and Human Resources Committee Report.

(2) The amounts shown are the number of shares of Common Stock that may be issued if performance goals are achieved. The goals are based on cumulative net income plus after tax interest and cumulative average net assets turns, as set forth in a matrix approved by the Compensation and Human Resources Committee. If actual performance is below performance goal threshold levels, no payouts are made. The potential dollar value of a payout will fluctuate with the market value of the Common Stock. At the date of the grant of these awards on December 2, 2004, the closing price of the Common Stock on the NYSE was $37.02. On October 31, 2005, the closing price of the Common Stock was $36.51.

Equity Compensation Plan Information

The following table and footnotes provide information about shares of Toro Common Stock that may be issued under Toro s equity compensation plans, as of October 31, 2005, as adjusted for 2-for-1 stock splits effective March 28, 2005 and April 1, 2003.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in