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

FORM 10-Q

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

For the Quarterly Period Ended July 31, 2026

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

For the Transition Period from to
Commission File Number: **1-8649**

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

Delaware	**41-0580470**
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.

8111 Lyndale Avenue South
Bloomington, Minnesota 55420-1196
Telephone Number: (952) 888-8801
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**TTC**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock outstanding as of August 27, 2026 was 94,663,378.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains not only historical information, but also forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical are forward-looking and reflect expectations and assumptions that we believe to be reasonable. Forward-looking statements are based on our current expectations of future events and often can be identified in this report and elsewhere by using words such as "expect," "strive," "outlook," "guidance," "forecast," "goal," "anticipate," "continue," "plan," "estimate," "project," "target," "improve," "believe," "become," "should," "could," "will," "would," "possible," "may," "likely," "intend," "can," "pursue," "potential," "approximately," variations of such words or the negative thereof, and similar expressions or future dates. However, not all forward-looking statements contain these identifying words. Our forward-looking statements in this report include, among others, statements relating to our anticipated operating results, liquidity requirements, and financial condition and current trends and uncertainties; the anticipated impacts of field inventory levels and backlog, inflation, ongoing challenges related to tariffs and strategies to mitigate the effect thereof, governmental budget cuts, current wars and international sanctions, and geopolitical tensions, tight labor markets and other macroeconomic factors; our business strategies, priorities, goals, and commitments; the effect of recent acquisitions; business and productivity initiatives and anticipated sales growth, profitability, cost savings and other benefits associated therewith; and the effect of laws, rules, policies, regulations, tax reform, new accounting pronouncements, and outstanding litigation on our business and future performance.

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

- Adverse economic conditions and outlook in the United States and in other countries in which we conduct business, such as but not limited to: economic uncertainty; business slowdowns, suspensions or delays of production and commercial activity; slow or negative economic growth rates or recessionary conditions; reduced or negative consumer confidence; reduced consumer spending levels; changing consumer preferences; inflationary or deflationary pressures; higher short-term, mortgage, and other interest rates; increased or prolonged high or low unemployment rates and tight labor markets; higher costs, longer lead times and reduced availability of commodities, components, parts, and accessories, including as a result of transportation-related costs, inflation, changing prices, foreign currency fluctuations, tariffs, and/or duties; slowdowns or reductions in levels of interest in the game of golf or golf course activity, development, renovation, or improvement; golf course closures; reduced customer, governmental or municipal spending; reduced infrastructure spending; reduced levels of home ownership, construction, or sales; home foreclosures; the impact of U.S. federal debt, state debt, and sovereign debt defaults; reduced credit availability or unfavorable credit terms for us or our distributors, dealers, or end-user customers; and general economic and political conditions and expectations, any or all of which affect demand for our products and could lead to impairment and other charges and otherwise adversely affect our operating results and financial condition;
- Economic, political, legal and regulatory uncertainty or conflicts, including actions taken or which may be taken, such as reductions in governmental spending; monetary policy; political, geopolitical, trade, or other issues in the United States or internationally, including increased tariffs or trade wars;
- Seasonality of our businesses and its impact on demand for our products and our working capital;
- Effect that weather conditions or climate change have on demand for our products and operations, including our supply chain;
- Disruption and/or shortages in the availability and cost of commodities, components, parts, or accessories used in our products, including as a result of tariffs, international conflicts, and the effect of our supply chain strategies to mitigate the effect of tariffs;
- Our ability and the ability of our distribution channel customers to maintain appropriate inventory levels, including as a result of changes in purchasing patterns by customers, and if we underestimate or overestimate demand for our products, and the effect of inventory management decisions of our distribution channel customers;
- Risks associated with our recent acquisition of Tornado Infrastructure Equipment Ltd. or other acquisitions and alliances, strong customer relations, and new joint ventures, investments, or partnerships and our failure to successfully complete divestitures or other restructuring activities, including without limitation our ability to integrate acquired businesses, loss of substantial customers, and the ability of acquired companies or our alliances, joint ventures, investments or partnerships to achieve satisfactory operating results, including results being accretive to earnings, realization of synergies and expected cash flow generation, which could lead to impairment, restructuring, and other charges;
- Our ability to leverage new, expanded or emerging markets, such as the broadband, fiber, digital and data center infrastructure market, and our ability to continue to enhance existing products and develop and market new products that respond to customer needs and preferences and achieve market acceptance, including in particular increased digital, alternative power, smart connected, and autonomous solutions;
- Changes in our product mix or geographic mix;

- Effect of competition;
- Our ability to cost-effectively expand and renovate existing facilities, open and manage new or acquired facilities, move production from or between manufacturing facilities, and/or any disruption at or near any of our facilities or other operations or those of our suppliers, distribution channel customers, mass retailers, or home centers where our products are sold;
- Our ability to retain our executive officers or other key employees, attract and retain other qualified employees or successfully implement executive officer, key employee or other leadership or employee transitions and any failure by us, or our suppliers or distribution channel partners, to hire and/or retain a labor force to enhance existing products and develop and market new products, adequately staff manufacturing operations, perform service or warranty work or other necessary activities, or allow employees to adequately and safely perform their jobs;
- Changes in composition of, financial viability of, and the relationships with, our distribution channel customers;
- Risks associated with our credit arrangements and ratings and any material change in the availability or terms of, or termination or disruption of, credit offered to our customers, distributors, and dealers;
- Risks associated with our international operations, including but not limited to the effect of foreign currency exchange rate fluctuations and compliance with foreign legal and regulatory requirements, current wars and international sanctions and geopolitical tensions, political risks associated with the potential instability of governments and legal systems in countries in which we or our customers or suppliers conduct business, and other current and potential conflicts;
- Our failure to comply with all applicable legal, regulatory, health and safety law and regulations and the effect of product quality issues, product liability claims, and other legal or administrative proceedings to which we are or may be subject;
- Our ability to obtain and protect our intellectual property and other proprietary rights or operate our business without infringing upon the intellectual property or other proprietary rights of others;
- Failure of our information systems or information security practices or those of our business partners or third-party service providers to adequately perform and/or protect sensitive or confidential information;
- Our ability to achieve our financial projections or other business initiatives, including our Amplifying Maximum Productivity ("AMP") initiative, in the time periods or in the magnitude that we anticipate or at all, and the possibility that our business initiatives may result in additional exit costs and impairment and other charges;
- Changes in accounting or tax standards and policies and/or assumptions utilized in determining accounting tax estimates, including the effects of the One Big Beautiful Bill Act; and
- Stock price volatility, including in response to the risks described herein or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as industry or general economic conditions, and other factors beyond our control.

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

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE TORO COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Earnings (Unaudited)
(Dollars and shares in millions, except per share data)

	Three Months Ended		Nine Months Ended	
	July 31, 2026	August 1, 2025	July 31, 2026	August 1, 2025
Net sales	$ 1,225.8	$ 1,131.3	$ 3,686.8	$ 3,444.2
Cost of sales	807.7	749.5	2,449.5	2,290.1
Gross profit	418.1	381.8	1,237.3	1,154.1
Selling, general and administrative expense	259.8	235.9	796.9	755.6
Non-cash impairment charges	43.1	81.1	43.1	81.1
Operating earnings	115.2	64.8	397.3	317.4
Interest expense	(13.8)	(15.1)	(42.8)	(45.9)
Other income, net	5.5	8.1	22.7	21.1
Earnings before income taxes	106.9	57.8	377.2	292.6
Income tax provision	29.9	4.3	86.9	49.5
Net earnings	$ 77.0	$ 53.5	$ 290.3	$ 243.1
Basic net earnings per share of common stock	$ 0.81	$ 0.54	$ 3.01	$ 2.43
Diluted net earnings per share of common stock	$ 0.81	$ 0.54	$ 2.99	$ 2.42
Weighted-average number of shares of common stock outstanding — Basic	95.2	98.8	96.6	100.0
Weighted-average number of shares of common stock outstanding — Diluted	95.6	99.0	97.0	100.3

See accompanying Notes to Condensed Consolidated Financial Statements.

THE TORO COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Unaudited)
(Dollars in millions)

	Three Months Ended		Nine Months Ended	
	July 31, 2026	August 1, 2025	July 31, 2026	August 1, 2025
Net earnings	$ 77.0	$ 53.5	$ 290.3	$ 243.1
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(10.6)	1.0	5.8	5.9
Derivative instruments, net of tax of $1.8; $0.1 $0.8; $(1.5), respectively	5.9	3.5	5.5	2.6
Other comprehensive income (loss), net of tax	(4.7)	4.5	11.3	8.5
Comprehensive income	$ 72.3	$ 58.0	$ 301.6	$ 251.6

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	July 31, 2026	August 1, 2025	October 31, 2025
ASSETS			
Cash and cash equivalents	$ 175.3	$ 201.0	$ 341.0
Receivables, net	496.1	472.7	378.2
Inventories, net	882.7	1,036.2	920.8
Prepaid expenses and other current assets	103.4	84.2	65.1
Total current assets	1,657.5	1,794.1	1,705.1
Property, plant, and equipment, net	588.8	629.1	615.8
Goodwill	576.5	450.8	450.9
Other intangible assets, net	439.5	398.6	390.3
Right-of-use assets	97.4	105.6	114.7
Investment in finance affiliate	39.7	41.3	41.0
Deferred income taxes	119.0	85.6	105.8
Other assets	17.6	14.7	15.2
Total assets	$ 3,536.0	$ 3,519.8	$ 3,438.8
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of long-term debt and short-term borrowings	$ —	$ 20.0	$ —
Accounts payable	463.6	385.0	367.6
Accrued liabilities	568.2	534.3	525.5
Short-term lease liabilities	20.2	16.6	19.3
Total current liabilities	1,052.0	955.9	912.4
Long-term debt, less current portion	962.0	1,012.2	921.5
Long-term lease liabilities	95.8	92.8	100.3
Deferred income taxes	19.4	0.6	0.8
Other long-term liabilities	70.5	47.2	50.5
Stockholders' equity:			
Preferred stock, par value $0.01 per share, authorized 1,000,000 voting and 850,000 non-voting shares, none issued and outstanding[1]	—	—	—
Common stock, par value $0.01 per share, authorized 175,000,000 shares; issued and outstanding 94,654,390 shares as of July 31, 2026, 97,851,312 shares as of August 1, 2025, and 97,888,105 shares as of October 31, 2025[1]	0.9	97.9	97.9
Retained earnings	1,359.2	1,350.7	1,390.5
Accumulated other comprehensive loss	(23.8)	(37.5)	(35.1)
Total stockholders' equity	1,336.3	1,411.1	1,453.3
Total liabilities and stockholders' equity	$ 3,536.0	$ 3,519.8	$ 3,438.8

[1] During the company's second quarter ended May 1, 2026 the company amended its certificate of incorporation to change the par value of its preferred and common stock from $1.00 per share to $0.01 per share. This change has been adopted prospectively and, therefore, the common stock balances as of August 1, 2025 and October 31, 2025 have not been adjusted and reflect the prior par value $1.00 per share as of each such date.

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended	
	July 31, 2026	**August 1, 2025**
Cash flows from operating activities:		
Net earnings	$ 290.3	$ 243.1
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Non-cash income from finance affiliate	(11.8)	(14.6)
Distributions from finance affiliate, net	13.1	22.5
Depreciation of property, plant, and equipment	70.9	72.6
Amortization of other intangible assets	27.5	23.2
Stock-based compensation expense	18.2	15.3
Deferred income taxes[1]	(13.9)	(38.9)
Non-cash impairment charge	43.1	81.1
Other	(2.1)	2.5
Changes in operating assets and liabilities, net of the effect of acquisitions:		
Receivables, net	(111.4)	(11.9)
Inventories, net	77.2	(6.4)
Other assets[1]	(4.3)	7.9
Accounts payable	78.9	(69.9)
Other liabilities[1]	0.5	22.4
Net cash provided by operating activities	476.2	348.9
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(51.1)	(57.0)
Proceeds from sales of property, plant, and equipment	13.2	0.8
Acquisitions, net of cash received	(210.3)	(4.2)
Divestitures	—	9.7
Net cash used in investing activities	(248.2)	(50.7)
Cash flows from financing activities:		
Borrowings under debt arrangements	550.0	840.0
Repayments under debt arrangements	(510.0)	(730.0)
Proceeds from exercise of stock options	39.5	1.8
Payments of withholding taxes for stock awards	(2.4)	(3.0)
Common stock repurchases	(358.1)	(290.0)
Dividends paid on common stock	(112.8)	(113.8)
Other	(2.7)	(3.1)
Net cash used in financing activities	(396.5)	(298.1)
Effect of exchange rates on cash and cash equivalents	2.8	1.4
Net increase (decrease) in cash and cash equivalents	(165.7)	1.5
Cash and cash equivalents as of the beginning of the fiscal period	341.0	199.5
Cash and cash equivalents as of the end of the fiscal period	$ 175.3	$ 201.0

[1] Presentation of prior year deferred income taxes has been conformed to the current year presentation. There was no change to net cash provided by operating activities.

See accompanying Notes to Condensed Consolidated Financial Statements.

THE TORO COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(Dollars in millions, except per share data)

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of May 1, 2026	$ 1.0	$ 1,386.2	$ (19.1)	$ 1,368.1
Cash dividends paid on common stock - $0.39 per share	—	(37.0)	—	(37.0)
Issuance of 75,279 shares of common stock under stock-based compensation plans	—	2.1	—	2.1
Stock-based compensation expense	—	5.7	—	5.7
Repurchase of 804,512 shares of common stock	(0.1)	(74.8)	—	(74.9)
Other comprehensive loss	—	—	(4.7)	(4.7)
Net earnings	—	77.0	—	77.0
Balance as of July 31, 2026	$ 0.9	$ 1,359.2	$ (23.8)	$ 1,336.3
Balance as of October 31, 2025	$ 97.9	$ 1,390.5	$ (35.1)	$ 1,453.3
Change in common stock par value[1]	(95.9)	95.9		—
Cash dividends paid on common stock - $1.17 per share	—	(112.8)	—	(112.8)
Issuance of 713,755 shares of common stock under stock-based compensation plans, less contribution of 3,302 shares of common stock to a deferred compensation trust	0.1	39.4	—	39.5
Stock-based compensation expense	—	18.2	—	18.2
Repurchase of 3,944,166 shares of common stock	(1.2)	(362.3)	—	(363.5)
Other comprehensive income	—	—	11.3	11.3
Net earnings	—	290.3	—	290.3
Balance as of July 31, 2026	$ 0.9	$ 1,359.2	$ (23.8)	$ 1,336.3
Balance as of May 2, 2025	$ 99.0	$ 1,419.6	$ (42.0)	$ 1,476.6
Cash dividends paid on common stock - $0.38 per share	—	(37.5)	—	(37.5)
Issuance of 83,064 shares of common stock under stock-based compensation plans	0.2	0.3	—	0.5
Stock-based compensation expense	—	5.5	—	5.5
Repurchase of 1,245,251 shares of common stock	(1.3)	(90.7)	—	(92.0)
Other comprehensive income	—		4.5	4.5
Net earnings	—	53.5	—	53.5
Balance as of August 1, 2025	$ 97.9	$ 1,350.7	$ (37.5)	$ 1,411.1
Balance as of October 31, 2024	$ 101.5	$ 1,496.4	$ (46.0)	$ 1,551.9
Cash dividends paid on common stock - $1.14 per share	—	(113.8)	—	(113.8)
Issuance of 206,816 shares of common stock under stock-based compensation plans, less contribution of 8,673 shares to a deferred compensation trust	0.2	1.6	—	1.8
Stock-based compensation expense	—	15.3	—	15.3
Repurchase of 3,818,956 shares of common stock	(3.8)	(291.9)	—	(295.7)
Other comprehensive income	—		8.5	8.5
Net earnings	—	243.1	—	243.1
Balance as of August 1, 2025	$ 97.9	$ 1,350.7	$ (37.5)	$ 1,411.1

[1] During the company's second quarter ended May 1, 2026 the company amended its certificate of incorporation to change the par value of its common stock from $1.00 per share to $0.01 per share. This change has been adopted prospectively.

See accompanying Notes to Condensed Consolidated Financial Statements.

THE TORO COMPANY AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)
July 31, 2026

1 Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and do not include all the information and notes required by United States ("U.S.") generally accepted accounting principles ("GAAP") for complete financial statements. Unless the context indicates otherwise, the terms "company" or "TTC" refer to The Toro Company and its consolidated subsidiaries. All intercompany accounts and transactions have been eliminated from the unaudited Condensed Consolidated Financial Statements.

In the opinion of management, the unaudited Condensed Consolidated Financial Statements include all adjustments, consisting primarily of recurring accruals, considered necessary for the fair presentation of the company's consolidated financial position, results of operations, and cash flows for the periods presented. Due to seasonality within the industries in which the company's businesses operate, among other factors, operating results for the nine months ended July 31, 2026 cannot be annualized to determine the expected results for the fiscal year ending October 31, 2026.

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

For further information regarding the company's basis of presentation, refer to the Condensed Consolidated Financial Statements and Notes to Condensed Consolidated Financial Statements included in the company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2025. The policies described in that report are used for preparing the company's quarterly reports on Form 10-Q.

Accounting Policies and Estimates

In preparing the Condensed Consolidated Financial Statements in conformity with U.S. GAAP, management must make decisions that impact the reported amounts of assets, liabilities, revenues, expenses, and the related disclosures, including disclosures of contingent assets and liabilities. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. Estimates are used in determining, among other items, sales promotion and incentive accruals, incentive compensation accruals, income tax accruals, inventory valuation, warranty accruals, allowances for current expected credit losses, pension accruals, self-insurance accruals, legal accruals, right-of-use assets and lease liabilities, useful lives for tangible and finite-lived intangible assets, future cash flows associated with impairment testing for goodwill, indefinite-lived intangible assets and other long-lived assets, and valuations of the assets acquired and liabilities assumed in a business combination or an asset acquisition, when applicable. These estimates and assumptions are based on management’s best estimates and judgments at the time they are made and are generally derived from management's understanding and analysis of the relevant and current circumstances, historical experience, and actuarial and other independent external third-party specialist valuations, when applicable. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances, including the economic environment. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with certainty, actual amounts could differ significantly from those estimated at the time the Condensed Consolidated Financial Statements are prepared.

Par Value Common Stock

On March 17, 2026, the company filed a Certificate of Amendment of the Restated Certificate of Incorporation, which decreased the par value of all the company's capital stock, including the company's common stock and authorized "blank check" preferred stock from $1.00 to $0.01 per share (the "Par Value Amendment"), which was approved by the company's stockholders on March 17, 2026. The Par Value Amendment had no impact on the value of the company’s capital stock, including the company's common stock. In addition, the Par Value Amendment had no effect on the dollar amount of the company’s total stockholders’ equity. The Par Value Amendment did not change the number of authorized shares of common stock or the company's preferred stock nor did it have any impact on the company's outstanding common stock or any options or rights to purchase the company's common stock. The Par Value Amendment had no effect on the rights of the holders of the company's common stock or the company's authorized preferred stock, none of which are currently outstanding, except for reducing the minimum amount per share the company must receive upon the issuance of any shares of the company's capital stock from $1.00 to $0.01 per share.

New Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board ("FASB") issued accounting standard update ("ASU") No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which is intended to modernize the accounting for software costs that are accounted for under Subtopic 350-40 by replacing the stage-based model with a principles-based approach. The amended guidance will become effective for the company's fiscal 2029 annual period and interim periods beginning with the first quarter of fiscal 2029. Early adoption is permitted. The company is currently evaluating the impact of this new standard on its Condensed Consolidated Financial Statements and related disclosures.

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which is intended to improve guidance on the measurement of credit losses on accounts receivable and contract assets. The amended guidance is optional and, if the company elects the practical expedient, will become effective for the company's fiscal 2027 annual period and interim periods beginning with the first quarter of fiscal 2027. Early adoption is permitted. The company is currently evaluating the impact of this new standard on its Condensed Consolidated Financial Statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which is intended to improve disclosures about a public business entity’s expenses by requiring disaggregated quantitative disclosure, in the notes to the financial statements, of prescribed expense categories included within relevant income statement expense captions. The amended guidance will become effective for the company's fiscal 2028 annual period, and interim periods beginning with the first quarter of fiscal 2029. The company is currently evaluating the impact of this new standard on its Condensed Consolidated Financial Statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to income tax disclosures, which is designed to enhance the transparency and decision usefulness of income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amended guidance will become effective for the company's fiscal 2026 annual period. The company is currently evaluating the impact of this new standard on its Condensed Consolidated Financial Statements and related disclosures.

The company believes that all other recently issued accounting pronouncements from the FASB that the company has not noted above will not have a material impact on its Condensed Consolidated Financial Statements or do not apply to its operations.

2 Acquisition

Tornado Infrastructure Equipment Ltd. ("Tornado Infrastructure Equipment")

On December 8, 2025 ("closing date"), pursuant to an Arrangement Agreement ("Purchase Agreement") dated October 6, 2025, the company completed its acquisition of Tornado Infrastructure Equipment, a publicly held Canadian company and a manufacturer in the hydrovac excavation solutions industry. Tornado Infrastructure Equipment manufactures hydrovac excavation solutions and industrial equipment solutions for the underground construction, power transmission and energy markets and provides innovative product offerings that broaden and strengthen the company's Professional segment and expand its dealer network.

The Tornado Infrastructure Equipment acquisition was structured as an equity purchase, pursuant to which the company acquired 100 percent of the equity interests of the legal entities that comprised Tornado Infrastructure Equipment, with the legal entities continuing as surviving entities and wholly-owned subsidiaries of the company. As part of the acquisition, the company also acquired the real property used by Tornado Infrastructure Equipment. The cash consideration, net of cash acquired, was $210.3 million ("purchase price"). The company funded the purchase price with borrowings under its existing revolving credit facility. As a result of the acquisition, the company incurred immaterial acquisition-related transaction costs during the three and nine month periods ended July 31, 2026. Acquisition-related transaction costs are recorded within selling, general and administrative expense within the Condensed Consolidated Statements of Earnings.

Preliminary Fair Value Measurements

The company accounted for the acquisition in accordance with the accounting standards codification guidance which requires identifiable assets acquired and liabilities assumed to be measured at their estimated fair values as of the closing date. As of July 31, 2026, the company has substantially completed its process for measuring the fair values of the assets acquired and liabilities assumed based on information available as of the closing date, with the primary exception of the valuation of income taxes. The company expects to finalize its valuation and complete the fair value measurements as soon as practicable but no later than one year from the closing date of the acquisition, as required.

The following table summarizes the preliminary initial and updated estimated fair values assigned to the assets acquired and liabilities assumed, and the adjustments made from the initial preliminary fair values. These preliminary fair values are based on internal company and independent external third-party valuations and are subject to change as certain asset and liability valuations are finalized. The following allocation reflects management's assessment as of July 31, 2026:

(Dollars in millions)	Initial Preliminary Allocation	Measurement Period Adjustments	Updated Allocation
Cash and cash equivalents	$ 21.3	$ —	$ 21.3
Receivables	5.4	—	5.4
Inventories	36.7	—	36.7
Prepaid expenses and other current assets	3.7	(0.1)	3.6
Property, plant, and equipment, net	14.8	(2.8)	12.0
Right-of-use assets, net	2.6	0.1	2.7
Goodwill	137.6	(10.3)	127.3
Other intangible assets:	63.8	13.9	77.7
Indefinite-lived trade name	19.6	—	19.6
Finite-lived developed technology	9.8	0.9	10.7
Finite-lived customer-related	29.5	16.3	45.8
Finite-lived backlog	4.9	(3.3)	1.6
Deferred income tax assets	0.1	—	0.1
Accounts payable	(13.8)	0.4	(13.4)
Accrued liabilities	(18.5)	(1.6)	(20.1)
Short-term lease liabilities	(0.8)	0.1	(0.7)
Long-term lease liabilities	(2.4)	0.3	(2.1)
Deferred income tax liabilities	(18.9)	—	(18.9)
Total fair value of net assets acquired	231.6	—	231.6
Less: cash and cash equivalents acquired	(21.3)	—	(21.3)
Total purchase price	$ 210.3	$ —	$ 210.3

The goodwill recognized is primarily attributable to the value of the workforce, the reputation of Tornado Infrastructure Equipment, expected future cash flows, and expected synergies, including customer and dealer growth opportunities, integrating and expanding existing product lines, and cost reduction initiatives. Key areas of expected cost reduction synergies include increased purchasing power for commodities, components, parts, and supply chain consolidation. The goodwill resulting from the acquisition of Tornado Infrastructure Equipment was recognized within the company's Professional segment and is the primary driver for the increase in the company's Professional segment goodwill to $566.5 million as of July 31, 2026 from $440.9 million as of October 31, 2025. Goodwill is non-deductible for tax purposes. Fair value measurements did not materially impact the company's Condensed Consolidated Statements of Earnings for the three and nine month periods ended July 31, 2026.

Other Intangible Assets Acquired

The preliminary fair value measurement of the net assets acquired resulted in the recognition of $77.7 million of other intangible assets as of the closing date. The fair values of the acquired developed technology, customer-related, and backlog intangible assets were determined using the income approach whereby an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. The useful lives of the other intangible assets were determined based on the period of expected cash flows used to measure the fair value of the intangible assets adjusted as appropriate for entity-specific factors including legal, regulatory, contractual, competitive, economic, and/or other factors that may limit the useful life of the respective intangible asset. As of the closing date, the acquired finite-lived intangible assets had a weighted average useful life of 11.7 years. The fair values of the customer-related and backlog intangible assets were determined using the excess earnings method and were based on the expected operating cash flows attributable to the respective intangible asset, which were determined by deducting expected economic costs, including operating expenses and contributory asset charges, from the revenue expected to be generated from the respective intangible asset. As of the closing date of the acquisition, the weighted-average useful life of the customer-related and backlog intangible assets were determined to be 13.7 years and 6 months, respectively. The fair values of the finite-lived developed technology and indefinite-lived trade names were determined using the relief from royalty method, which is based on the hypothetical royalty stream that would be received if the company were to license the respective developed technology or trade name and were based on expected future revenues from the respective developed technology or trade name. As of the closing date of the acquisition, the weighted-average useful life of the developed technology was determined to be 5.0 years.

Amortization expense for the finite-lived intangible assets resulting from the acquisition of Tornado Infrastructure Equipment for the three and nine month periods ended July 31, 2026 was $(1.1) million and $5.2 million, which reflects adjustments to the preliminary fair value measurement during the measurement period.

Results of Operations

Tornado Infrastructure Equipment's results of operations are included within the company's Professional reportable segment in the company's Condensed Consolidated Financial Statements from the closing date. For the three and nine month periods ended July 31, 2026, the company recognized $31.5 million and $80.2 million of net sales, respectively, from Tornado Infrastructure Equipment's operations. Tornado Infrastructure Equipment's operations increased Professional segment profit by $2.1 million and $4.4 million for the three and nine month periods ended July 31, 2026, respectively. Unaudited pro forma financial information is not disclosed as the Tornado Infrastructure Equipment acquisition was not considered material to the company's Consolidated Results of Operations.

3 Segment Data

The company's businesses are organized, managed, and internally grouped into segments based on similarities in products and services. Segment determination is based on the manner in which the Chief Operating Decision Maker "CODM" organizes segments for making operating and investment decisions and assessing performance. The company has identified eight operating segments and has aggregated certain of those operating segments into two reportable segments: Professional and Residential. The aggregation of the company's segments is based on the segments having the following similarities: economic characteristics, types of products and services, types of production processes, type or class of customers, and method of distribution. For a summary of the company's products by market for the company's Professional and Residential reportable segments, refer to Part I, Item 1, "Business," of the company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2025.

The company's remaining activities consist of a wholly-owned domestic distribution company, certain corporate activities, and the elimination of intersegment revenues and expenses. Corporate activities include general corporate expenditures (finance, human resources, legal, information technology, public relations, business development, and similar activities) and other unallocated corporate assets and liabilities, such as corporate facilities, severance and termination benefits, facility exit costs, and deferred tax assets and liabilities. These remaining activities are presented as "Other" due to their insignificance.

The company's CODM is the Chairman of the Board and Chief Executive Officer. The CODM predominantly evaluates the performance of the company's segments using adjusted earnings before interest and taxes “segment profit/(loss)”. This metric provides the CODM with a comprehensive view of each segment’s profitability, enabling informed decision-making and effective resource allocation. The CODM regularly reviews segment profit/(loss) to monitor progress against performance targets, focusing on actual-to-plan variances. These assessments help identify trends, compare segment profitability, and determine whether additional resources or strategic adjustments are necessary to achieve performance goals. Additionally, the significant expense categories regularly reviewed by the CODM include cost of sales, selling, general and administrative expense, non-cash charges, such as impairment, and other income (expense) items. These other items consist of foreign currency gains and losses, interest income and expense, gains and losses from sales of fixed assets, and income and losses from equity method investments and business divestitures.

The accounting policies of the reportable business segments are the same as those described in the summary of significant accounting policies in Note 1, *Summary of Significant Accounting Policies and Related Data* of the company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2025. The company evaluates the performance of its Professional and Residential reportable business segment results based on segment profit/(loss) which includes allocated expenses that these operations would have incurred otherwise, but does not include general corporate expenses, interest expense, and income taxes. Segment profit/(loss) for the company's Other activities includes earnings (loss) from a domestic wholly-owned distribution company, certain corporate activities, non-cash impairment charges, other income, and interest expense. The company accounts for intersegment gross sales at current market prices.

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The following tables present summarized financial information concerning the company's reportable business segments and Other activities (dollars in millions):

Three Months Ended July 31, 2026	Professional	Residential	Other	Total
Net sales from external customers	$ 988.2	$ 209.2	$ 28.4	$ 1,225.8
Intersegment gross sales (eliminations)	24.4	0.1	(24.5)	—
Net sales	1,012.6	209.3	3.9	1,225.8
Cost of sales	627.6	169.4	10.7	807.7
Selling, general and administrative expense	174.5	27.5	57.8	259.8
Non-cash impairment charges[1]	—	—	43.1	43.1
Other income, net	1.3	—	4.2	5.5
Segment profit/(loss)	$ 211.8	$ 12.4	$ (103.5)	$ 120.7
Interest expense				(13.8)
Provision for income taxes				29.9
Net earnings				$ 77.0

Nine Months Ended July 31, 2026	Professional	Residential	Other	Total
Net sales from external customers	$ 2,882.2	$ 725.6	$ 79.0	$ 3,686.8
Intersegment gross sales (eliminations)	61.0	0.1	(61.1)	—
Net sales	2,943.2	725.7	17.9	3,686.8
Cost of sales	1,836.8	578.6	34.1	2,449.5
Selling, general and administrative expense	536.0	91.6	169.3	796.9
Non-cash impairment charges[1]	—	—	43.1	43.1
Other income, net	3.4	0.4	18.9	22.7
Segment profit/(loss)	$ 573.8	$ 55.9	$ (209.7)	$ 420.0
Interest expense				(42.8)
Provision for income taxes				86.9
Net earnings				$ 290.3

Three Months Ended August 1, 2025	Professional	Residential	Other	Total
Net sales from external customers	$ 913.3	$ 192.6	$ 25.4	$ 1,131.3
Intersegment gross sales (eliminations)	17.5	0.2	(17.7)	—
Net sales	930.8	192.8	7.7	1,131.3
Cost of sales	576.1	161.0	12.4	749.5
Selling, general and administrative expense	157.6	28.8	49.5	235.9
Non-cash impairment charge[2]	—	—	81.1	81.1
Other income, net	1.4	0.7	6.0	8.1
Segment profit/(loss)	$ 198.5	$ 3.7	$ (129.3)	$ 72.9
Interest expense				(15.1)
Provision for income taxes				4.3
Net earnings				$ 53.5

Nine Months Ended August 1, 2025	Professional	Residential	Other	Total
Net sales from external customers	$ 2,661.8	$ 711.0	$ 71.4	$ 3,444.2
Intersegment gross sales (eliminations)	51.9	0.2	(52.1)	—
Net sales	2,713.7	711.2	19.3	3,444.2
Cost of sales	1,689.7	575.7	24.7	2,290.1
Selling, general and administrative expense	499.0	99.3	157.3	755.6
Non-cash impairment charge[2]	—	—	81.1	81.1
Other income, net	2.8	0.8	17.5	21.1
Segment profit/(loss)	$ 527.8	$ 37.0	$ (226.3)	$ 338.5
Interest expense				(45.9)
Provision for income taxes				49.5
Net earnings				$ 243.1

[1] Other activities adjusted earnings (loss) before income taxes includes non-cash impairment charges of $43.1 million related to the planned closure of the Monterrey manufacturing facility and the write-down of assets associated with the exit of a residential mower platform. Both charges were recorded during the third quarter of fiscal 2026. For additional information regarding the non-cash impairment charges, refer to Note 8, *Property, Plant, and Equipment, Net.*

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[2] Other activities adjusted earnings (loss) before income taxes includes an $81.1 million non-cash impairment charge recorded during the third quarter of fiscal 2025 related to the Spartan trade name. For additional information regarding the impairment charge, refer to Note 5, *Goodwill and Other Intangible Assets, Net.*

Nine Months Ended July 31, 2026	**Professional**	**Residential**	**Other**	**Total**
Total assets	$ 2,682.1	$ 400.3	$ 453.6	$ 3,536.0
Depreciation and amortization	$ 75.8	$ 12.9	$ 12.6	$ 101.3

Nine Months Ended August 1, 2025	**Professional**	**Residential**	**Other**	**Total**
Total assets	$ 2,518.6	$ 486.4	$ 514.8	$ 3,519.8
Depreciation and amortization	$ 68.1	$ 15.4	$ 14.6	$ 98.1

4 Revenue

The following tables disaggregate the company's reportable segment net sales by major product type and geographic market (dollars in millions):

Three Months Ended July 31, 2026	**Professional**	**Residential**	**Other**	**Total**
Revenue by product type:				
Equipment	$ 892.0	$ 209.1	$ 2.7	$ 1,103.8
Irrigation	120.6	0.2	1.2	122.0
Total net sales	$ 1,012.6	$ 209.3	$ 3.9	$ 1,225.8
Revenue by geographic market:				
United States	$ 802.7	$ 187.3	$ 3.9	$ 993.9
International countries	209.9	22.0	—	231.9
Total net sales	$ 1,012.6	$ 209.3	$ 3.9	$ 1,225.8

Nine Months Ended July 31, 2026	**Professional**	**Residential**	**Other**	**Total**
Revenue by product type:				
Equipment	$ 2,604.5	$ 724.4	$ 13.4	$ 3,342.3
Irrigation	338.7	1.3	4.5	344.5
Total net sales	$ 2,943.2	$ 725.7	$ 17.9	$ 3,686.8
Revenue by geographic market:				
United States	$ 2,336.6	$ 634.1	$ 17.9	$ 2,988.6
International countries	606.6	91.6	—	698.2
Total net sales	$ 2,943.2	$ 725.7	$ 17.9	$ 3,686.8

Three Months Ended August 1, 2025	**Professional**	**Residential**	**Other**	**Total**
Revenue by product type:				
Equipment	$ 815.7	$ 192.6	$ 6.3	$ 1,014.6
Irrigation	115.1	0.2	1.4	116.7
Total net sales	$ 930.8	$ 192.8	$ 7.7	$ 1,131.3
Revenue by geographic market:				
United States	$ 755.2	$ 169.2	$ 7.7	$ 932.1
International countries	175.6	23.6	—	199.2
Total net sales	$ 930.8	$ 192.8	$ 7.7	$ 1,131.3

Nine Months Ended August 1, 2025	**Professional**	**Residential**	**Other**	**Total**
Revenue by product type:				
Equipment	$ 2,369.9	$ 709.6	$ 15.4	$ 3,094.9
Irrigation	343.8	1.6	3.9	349.3
Total net sales	$ 2,713.7	$ 711.2	$ 19.3	$ 3,444.2
Revenue by geographic market:				
United States	$ 2,135.8	$ 622.9	$ 19.3	$ 2,778.0
International countries	577.9	88.3	—	666.2
Total net sales	$ 2,713.7	$ 711.2	$ 19.3	$ 3,444.2

Contract Liabilities

Contract liabilities relate to deferred revenue recognized for cash consideration received at contract inception in advance of the company's performance under the respective contract and generally relate to the sale of separately priced extended warranty contracts, service contracts, and non-refundable customer deposits. The company recognizes revenue over the term of the contract in proportion to the costs expected to be incurred in satisfying the performance obligations under the separately priced extended warranty and service contracts. For non-refundable customer deposits, the company recognizes revenue as of the point in time in which the performance obligation has been satisfied under the contract with the customer, which typically occurs upon change in control at the time a product is shipped. As of July 31, 2026 and October 31, 2025, $42.4 million and $34.0 million, respectively, of deferred revenue associated with outstanding separately priced extended warranty contracts, service contracts, and non-refundable customer deposits was reported within accrued liabilities and other long-term liabilities in the Condensed Consolidated Balance Sheets. For the three and nine months ended July 31, 2026, the company recognized $3.1 million and $10.1 million, respectively, of the October 31, 2025 deferred revenue balance within net sales in the Condensed Consolidated Statements of Earnings. The company expects to recognize approximately $2.9 million of the October 31, 2025 deferred revenue amount within net sales throughout the remainder of fiscal 2026, $10.6 million in fiscal 2027, and $10.4 million thereafter.

5 Goodwill and Other Intangible Assets, Net

The company's acquisition of Tornado Infrastructure Equipment on December 8, 2025 resulted in the recognition of $127.3 million and $77.7 million of preliminary goodwill and other intangible assets, respectively. For additional information on the company's acquisition of Tornado Infrastructure Equipment, refer to Note 2, *Acquisition*.

Impairment

During the third quarter of fiscal 2025, the company identified that future expected cash flows of the Spartan business were lower than previously expected primarily due to a decline in customer demand for many of its products associated with homeowners who prefer professional grade products.

Based on the above factors, the company concluded it was more likely than not that the indefinite-lived Spartan trade name intangible asset was impaired. As such, during the third quarter of fiscal 2025 the company performed a quantitative impairment analysis to compare the fair value of the Spartan trade name intangible asset with its respective carrying amount.

The fair value of the Spartan trade name intangible asset was determined using the relief-from-royalty method under the income approach which utilized various inputs and assumptions, including projected revenues from the company's projection process, assumed royalty rates that could be payable if the company did not own the intangible asset, terminal growth rates applied to projected revenues, applicable tax rates, and a discount rate. Inputs used to estimate the fair value included significant unobservable inputs that reflect the company’s assumptions about the inputs that market participants would use and, therefore, the fair value assessment is classified within Level 3 of the fair value hierarchy.

As a result of the analysis, during the third quarter of fiscal 2025, the company concluded that the indefinite-lived Spartan trade name intangible asset of $81.1 million, reported under the Professional segment, was fully impaired. The impairment charge is included in the Non-cash impairment charge caption on the Condensed Consolidated Statements of Earnings. The impairment charge resulted in a $19.7 million income tax benefit (deferred tax asset) associated with the remaining tax deductible basis in the intangible asset.

Goodwill

The changes in the carrying amount of goodwill by reportable segment for the first nine months of fiscal 2026 were as follows:

(Dollars in millions)	**Professional**	**Residential**	**Other**	**Total**
Balance as of October 31, 2025	$ 440.9	$ 10.0	$ —	$ 450.9
Goodwill acquired	127.3	—	—	127.3
Translation adjustments	(1.7)	—	—	(1.7)
Balance as of July 31, 2026	$ 566.5	$ 10.0	$ —	$ 576.5

Other Intangible Assets, Net

The components of other intangible assets, net as of July 31, 2026, August 1, 2025, and October 31, 2025 were as follows (dollars in millions):

July 31, 2026	Weighted-Average Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Net
Patents	9.5	$ 10.1	$ (9.6)	$ 0.5
Customer-related	15.7	365.3	(163.7)	201.6
Developed technology	6.8	117.7	(92.7)	25.0
Trade names	12.9	9.5	(7.0)	2.5
Backlog and other	0.5	1.6	(1.6)	—
Total finite-lived	13.4	504.2	(274.6)	229.6
Indefinite-lived - trade names		209.9	—	209.9
Total other intangible assets, net		$ 714.1	$ (274.6)	$ 439.5

August 1, 2025	Weighted-Average Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Net
Patents	9.5	$ 10.1	$ (9.1)	$ 1.0
Customer-related	16.0	320.0	(142.9)	177.1
Developed technology	7.0	107.1	(80.7)	26.4
Trade names	13.7	10.8	(7.2)	3.6
Total finite-lived	13.7	448.0	(239.9)	208.1
Indefinite-lived - trade names		190.5	—	190.5
Total other intangible assets, net		$ 638.5	$ (239.9)	$ 398.6

October 31, 2025	Weighted-Average Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Net
Patents	9.5	$ 10.1	$ (9.3)	$ 0.8
Customer-related	16.0	320.0	(147.6)	172.4
Developed technology	7.0	107.1	(83.3)	23.8
Trade names	12.9	9.6	(6.9)	2.7
Total finite-lived	13.6	446.8	(247.1)	199.7
Indefinite-lived - trade names		190.6	—	190.6
Total other intangible assets, net		$ 637.4	$ (247.1)	$ 390.3

Amortization expense for finite-lived intangible assets for the three and nine months ended July 31, 2026 were $6.4 million and $27.5 million, respectively. Amortization expense for finite-lived intangible assets for the three and nine months ended August 1, 2025 were $7.6 million and $23.2 million, respectively. As of July 31, 2026, estimated amortization expense for the remainder of fiscal 2026 and succeeding fiscal years is as follows:

(Dollars in millions)	July 31, 2026
2026 (remaining)	$ 8.8
2027	30.1
2028	27.4
2029	26.3
2030	25.1
2031	23.0
Thereafter	88.9
Total estimated amortization expense	$ 229.6

6 Indebtedness

The following is a summary of the company's indebtedness:

(Dollars in millions)	July 31, 2026	August 1, 2025	October 31, 2025
Revolving credit facility, due October 2029	$ 40.0	$ 115.0	$ —
Term loan, due October 2029	200.0	200.0	200.0
Term loan, due April 2027	—	195.0	—
3.81% series A senior notes, due June 2029	100.0	100.0	100.0
3.91% series B senior notes, due June 2031	100.0	100.0	100.0
3.97% senior notes, due June 2032	100.0	100.0	100.0
5.27% senior notes, due September 2032	200.0	—	200.0
7.8% debentures, due June 2027	100.0	100.0	100.0
6.625% senior notes, due May 2037	124.3	124.3	124.3
Less: unamortized debt issuance costs	2.3	2.1	2.8
Total debt	962.0	1,032.2	921.5
Less: current maturities and short-term borrowings	—	20.0	—
Long-term debt, less current portion	$ 962.0	$ 1,012.2	$ 921.5

As of July 31, 2026, principal payments required on the company's outstanding indebtedness, based on the maturity dates defined within the company's debt arrangements, for the remainder of fiscal 2026 and succeeding fiscal years are as follows:

(Dollars in millions)	July 31, 2026
2026 (remaining)	$ —
2027	100.0
2028	20.0
2029	320.0
2030	—
2031	100.0
Thereafter	425.0
Total principal payments required	$ 965.0

7 Inventories, Net

The company uses a combination of inventory valuation methods. Inventories are valued at the lower of cost or net realizable value, with cost determined by the first-in, first-out ("FIFO") and average cost methods for certain of the company's inventories. All remaining inventories are valued at the lower of cost or market, with cost determined under the last-in, first-out ("LIFO") method. As needed, the company records an inventory valuation adjustment for excess, slow-moving, and obsolete inventory that is equal to the excess of the cost of the inventory over the estimated net realizable value or market value for the inventory depending on the inventory costing method. Such inventory valuation adjustment is based on a review and comparison of current inventory levels to planned production, as well as planned and historical sales of the inventory. The inventory valuation adjustment to net realizable value or market value establishes a new cost basis of the inventory that cannot be subsequently reversed.

On December 8, 2025, with the acquisition of Tornado Infrastructure Equipment, the company acquired $36.7 million of inventory, based on fair value purchase accounting adjustments. For additional information on the company's acquisition of Tornado Infrastructure Equipment, refer to Note 2, *Acquisition*.

Inventories, net were as follows:

(Dollars in millions)	July 31, 2026	August 1, 2025	October 31, 2025
Raw materials and work in process	$ 362.4	$ 377.4	$ 353.1
Finished goods and service parts	738.0	832.2	785.4
Total FIFO and average cost value	1,100.4	1,209.6	1,138.5
Excess of FIFO over LIFO cost	217.7	173.4	217.7
Total inventories, net	$ 882.7	$ 1,036.2	$ 920.8

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8 Property, Plant, and Equipment, Net

Property, plant, and equipment assets are carried at cost less accumulated depreciation. The company generally accounts for depreciation of property, plant, and equipment utilizing the straight-line method over the estimated useful lives of the assets. Buildings and leasehold improvements are generally depreciated over 10 to 40 years, machinery and equipment are generally depreciated over three to 15 years, tooling is generally depreciated over three to five years, and computer hardware and software and website development costs are generally depreciated over two to five years. Expenditures for major renewals and improvements, which substantially increase the useful lives of existing assets, are capitalized. Costs associated with general maintenance and repairs are expensed as incurred within cost of sales or selling, general and administrative expense in the Condensed Consolidated Statements of Earnings depending on the nature and use of the related asset. Interest is capitalized during the construction period for significant capital projects.

On December 8, 2025, with the acquisition of Tornado Infrastructure Equipment, the company acquired $12.0 million of property, plant, and equipment based on preliminary fair value purchase accounting adjustments. For additional information on the company's acquisition of Tornado Infrastructure Equipment, refer to Note 2, *Acquisition.*

Property, plant, and equipment, net was as follows:

(Dollars in millions)	July 31, 2026	August 1, 2025	October 31, 2025
Land and land improvements	$ 79.6	$ 74.3	$ 78.3
Buildings and leasehold improvements	434.3	375.3	414.4
Machinery and equipment	698.7	682.0	715.6
Tooling	252.4	240.4	255.1
Computer hardware and software	107.8	99.1	108.1
Construction in process	94.7	150.5	65.1
Property, plant, and equipment, gross	1,667.5	1,621.6	1,636.6
Less: accumulated depreciation	1,078.7	992.5	1,020.8
Property, plant, and equipment, net	$ 588.8	$ 629.1	$ 615.8

During the first quarter of fiscal 2026, the company acquired $19.8 million of property, plant, and equipment through a non-cash investing and financing transaction.

During the preparation of the financial statements for the third quarter of fiscal 2026, the company recorded non-cash impairment charges of $29.7 million related to property, plant, and equipment reported under the Residential segment. For additional information regarding the impairment charge, refer to Note *18, Management Actions.*

9 Product Warranty Guarantees

The company’s products are warranted to provide assurance that the product will function as expected and to ensure customer confidence in design, workmanship, and overall quality. Standard warranty coverage is generally provided for specified periods of time and on select products’ hours of usage and generally covers parts, labor, and other expenses for non-maintenance repairs. In addition to the standard warranties offered by the company on its products, the company also sells separately priced extended warranty coverage on select products for a prescribed period after the original warranty period expires. For additional information on the contract liabilities associated with the company's separately priced extended warranties, refer to Note 4, *Revenue*.

At the time of sale, the company recognizes expense and records an accrual by product line for estimated costs in connection with forecasted future warranty claims. The company's estimate of the cost of future warranty claims is based primarily on the estimated number of products under warranty, historical average costs incurred to service warranty claims, the trend in the historical ratio of claims to sales, and the historical length of time between the sale and resulting warranty claim. The company periodically assesses the adequacy of its warranty accruals based on changes in these factors and records any necessary adjustments if the cost of actual claims experience indicates that adjustments to the company's warranty accrual are necessary. Additionally, from time to time, the company may also establish warranty accruals for its estimate of the costs necessary to settle major rework campaigns on a product-specific basis during the period in which the circumstances giving rise to the major rework campaign become known and when the costs to satisfactorily address the situation are both probable and estimable. The warranty accrual for the cost of a major rework campaign is primarily based on an estimate of the cost to repair each affected unit and the number of affected units expected to be repaired.

The changes in accrued warranties were as follows:

	Three Months Ended		Nine Months Ended	
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**July 31, 2026**	**August 1, 2025**
Beginning balance	$ 164.5	$ 155.8	$ 152.2	$ 150.2
Changes in accrual related to warranties issued during the period	26.7	22.4	77.3	67.3
Payments made during the period	(29.8)	(28.0)	(74.5)	(68.9)
Changes in accrual related to pre-existing warranties	1.1	(0.4)	7.5	1.2
Ending balance	$ 162.5	$ 149.8	$ 162.5	$ 149.8

10 Investment in Joint Venture

The company is party to a joint venture with Huntington Distribution Finance, Inc. ("HDF"), a subsidiary of The Huntington National Bank, established as Red Iron Acceptance, LLC ("Red Iron"), the primary purpose of which is to provide customer inventory financing to certain distributors and dealers of certain of the company's products in the U.S. The company has also entered into a limited inventory repurchase agreement with Red Iron. For additional information regarding the customer financing aspect of the arrangement, as well as the limited inventory purchase agreement, refer to Note 14, *Commitments and Contingencies*.

The company owns 45 percent of Red Iron and HDF owns 55 percent of Red Iron. The company accounts for its investment in Red Iron under the equity method of accounting. The company and HDF each contributed a specified amount of the estimated cash required to enable Red Iron to purchase the company's floor plan financing receivables and to provide financial support for Red Iron's floor plan financing programs. Red Iron borrows the remaining requisite estimated cash utilizing a $1,350.0 million secured revolving credit facility established under a credit agreement between Red Iron and HDF. The company's total investment in Red Iron as of July 31, 2026, August 1, 2025 and October 31, 2025 was $39.7 million, $41.3 million, and $41.0 million, respectively. The company has not guaranteed the outstanding indebtedness of Red Iron.

11 Stock-Based Compensation

Compensation costs related to stock-based compensation awards were as follows:

	Three Months Ended		Nine Months Ended	
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**July 31, 2026**	**August 1, 2025**
Stock option awards	$ 1.1	$ 2.6	$ 3.8	$ 6.9
Performance share awards	1.3	1.3	4.0	3.0
Restricted stock unit awards	3.3	1.6	9.7	4.7
Unrestricted common stock awards	—	—	0.7	0.7
Total compensation cost for stock-based compensation awards	$ 5.7	$ 5.5	$ 18.2	$ 15.3

On March 17, 2026, the company's shareholders approved The Toro Company 2026 Equity Plan (the "2026 plan"), which became effective immediately and replaced The Toro Company 2022 Equity and Incentive Plan (the "2022 plan"). The 2026 plan is administered by the Compensation & Human Resources Committee of the Board and permits the grant of nonqualified and incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, and other stock-based awards to eligible individuals. Subject to adjustment as provided in the 2026 plan, the maximum aggregate number of shares of the company's common stock authorized for issuance under the 2026 plan is equal to the sum of: (a) 3,650,000 shares, plus (b) the number of shares remaining available for grant under the 2022 plan but not subject to outstanding awards thereunder as of March 17, 2026, and plus (c) the number of shares subject to awards outstanding under the 2022 plan as of March 17, 2026 but only to the extent that such outstanding awards are forfeited, expire or otherwise terminate without the issuance of such shares.

Stock Option Awards

Stock options are granted with an exercise price equal to the closing price of the company's common stock on the date of grant, as reported by the New York Stock Exchange. Options are generally granted to executive officers, other employees, and non-employee members of the company's Board of Directors ("Board") on an annual basis in the first quarter of the company's fiscal year but may also be granted throughout the fiscal year in connection with hiring, mid-year promotions, leadership transition, or retention, as needed and applicable. Options generally vest one-third each year over a three-year period and have a ten-year term but in certain circumstances, the vesting requirement may be modified such that options granted to certain employees vest in full on the three-year anniversary of the date of grant and have a ten-year term. Compensation cost equal to the grant date fair value determined under the Black-Scholes valuation method is generally recognized for these awards over the vesting period. Compensation cost recognized for other employees not considered executive officers and non-employee Board members is net of estimated forfeitures, which are determined at the time of grant based on historical forfeiture experience. Stock options granted to executive officers and other employees are subject to accelerated expensing if the option holder meets the retirement definition set forth in the company's stock-based compensation plans. In that case, the fair value of the options is expensed in the fiscal year of grant because generally, if the option holder is employed as of the end of the fiscal year in which the options are granted, such options will not be forfeited but continue to vest according to their schedule following retirement. Similarly, if a non-employee Board member has served on the company's Board for ten full fiscal years or more, the awards will not be forfeited but continue to vest according to their schedule following retirement. Therefore, the fair value of the options granted is fully expensed on the date of the grant.

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

The table below illustrates the weighted-average valuation assumptions used under the Black-Scholes valuation method for options granted in the first nine months of the following fiscal periods:

	Fiscal 2026	Fiscal 2025
Expected life of option in years	6.90	6.42
Expected stock price volatility	28.84%	28.08%
Risk-free interest rate	3.91%	4.47%
Expected dividend yield	1.41%	1.43%
Per share weighted-average fair value at date of grant	$25.35	$25.52

Performance Share Awards

The company grants performance share awards to executive officers and other employees under which they are entitled to receive shares of the company's common stock contingent on the achievement of performance goals of the company, which are generally measured over a three-year period. The number of shares of common stock a participant receives can be increased (up to 200 percent of target levels) or reduced (down to zero) based on the level of achievement of performance goals and will vest at the end of a three-year period. Performance share awards are generally granted on an annual basis in the first quarter of the company's fiscal year but may also be granted throughout the fiscal year in connection with hiring, mid-year promotions, leadership transition, or retention, as needed and applicable. Compensation cost is recognized for these awards on a straight-line basis over the vesting period based on the per share fair value, which is equal to the closing price of the company's common stock on the date of grant, and the probability of achieving each performance goal. The per share weighted-average fair value of performance share awards granted during the first nine months of fiscal 2026 and 2025 was $78.47 and $80.04, respectively.

Restricted Stock Unit Awards

Restricted stock unit awards are generally granted to executive officers and other employees. Occasionally, restricted stock unit awards may be granted in connection with hiring, mid-year promotions, leadership transition, or retention. Restricted stock unit awards generally vest one-third each year over a three-year period, or vest in full on the three-year anniversary of the date of grant. Compensation cost equal to the grant date fair value, net of estimated forfeitures, is recognized for these awards over the vesting period. The grant date fair value is equal to the closing price of the company's common stock on the date of grant multiplied by the number of shares subject to the restricted stock unit awards and estimated forfeitures are determined on the grant date based on historical forfeiture experience. The per share weighted-average fair value of restricted stock unit awards granted during the first nine months of fiscal 2026 and 2025 was $80.57 and $74.51, respectively.

Unrestricted Common Stock Awards

During the first nine months of fiscal 2026 and 2025, 9,880 and 8,808 shares, respectively, of fully vested unrestricted common stock awards were granted to certain Board members as a component of their compensation for their service on the Board and were recorded within selling, general and administrative expense in the Condensed Consolidated Statements of Earnings. Additionally, the company's Board members may elect to convert a portion or all of their calendar year annual retainers otherwise payable in cash into shares of the company's common stock. No shares of fully vested unrestricted common stock awards were granted during the third quarter of fiscal 2026 and 2025.

12 Stockholders' Equity

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss ("AOCL"), net of tax, within the Condensed Consolidated Statements of Stockholders' Equity were as follows:

(Dollars in millions)	July 31, 2026	August 1, 2025	October 31, 2025
Foreign currency translation adjustments	$ 19.6	$ 28.0	$ 25.4
Pension benefits	5.1	4.3	5.1
Cash flow derivative instruments	(0.9)	5.2	4.6
Total accumulated other comprehensive loss	$ 23.8	$ 37.5	$ 35.1

The components and activity of AOCL, net of tax, for the three and nine month periods ended July 31, 2026 and August 1, 2025 were as follows:

(Dollars in millions)	Foreign Currency Translation Adjustments	Pension Benefits	Cash Flow Derivative Instruments	Total
Balance as of May 1, 2026	$ 9.0	$ 5.1	$ 5.0	$ 19.1
Other comprehensive (income) loss before reclassifications	10.6	—	(4.7)	5.9
Amounts reclassified from AOCL	—	—	(1.2)	(1.2)
Net current period other comprehensive (income) loss	10.6	—	(5.9)	4.7
Balance as of July 31, 2026	$ 19.6	$ 5.1	$ (0.9)	$ 23.8

(Dollars in millions)	Foreign Currency Translation Adjustments	Pension Benefits	Cash Flow Derivative Instruments	Total
Balance as of October 31, 2025	$ 25.4	$ 5.1	$ 4.6	$ 35.1
Other comprehensive (income) loss before reclassifications	(5.8)	—	0.6	(5.2)
Amounts reclassified from AOCL	—	—	(6.1)	(6.1)
Net current period other comprehensive loss	(5.8)	—	(5.5)	(11.3)
Balance as of July 31, 2026	$ 19.6	$ 5.1	$ (0.9)	$ 23.8

(Dollars in millions)	Foreign Currency Translation Adjustments	Pension Benefits	Cash Flow Derivative Instruments	Total
Balance as of May 2, 2025	$ 29.0	$ 4.3	$ 8.7	$ 42.0
Other comprehensive (income) loss before reclassifications	(1.0)	—	(1.3)	(2.3)
Amounts reclassified from AOCL	—	—	(2.2)	(2.2)
Net current period other comprehensive income	(1.0)	—	(3.5)	(4.5)
Balance as of August 1, 2025	$ 28.0	$ 4.3	$ 5.2	$ 37.5

(Dollars in millions)	Foreign Currency Translation Adjustments	Pension Benefits	Cash Flow Derivative Instruments	Total
Balance as of October 31, 2024	$ 33.9	$ 4.3	$ 7.8	$ 46.0
Other comprehensive (income) loss before reclassification	(5.9)	—	1.3	(4.6)
Amounts reclassified from AOCL	—	—	(3.9)	(3.9)
Net current period other comprehensive (income) loss	(5.9)	—	(2.6)	(8.5)
Balance as of August 1, 2025	$ 28.0	$ 4.3	$ 5.2	$ 37.5

For additional information on the components reclassified from AOCL to the respective line items in net earnings for derivative instruments refer to Note 16, *Derivative Instruments and Hedging Activities*.

13 Per Share Data

Reconciliation of basic and diluted weighted-average number of shares of common stock outstanding was as follows:

	Three Months Ended		Nine Months Ended	
(Shares in millions)	July 31, 2026	August 1, 2025	July 31, 2026	August 1, 2025
Diluted				
Weighted-average number of shares of common stock outstanding - Basic	95.2	98.8	96.6	100.0
Effect of dilutive shares	0.4	0.2	0.4	0.3
Weighted-average number of shares of common stock outstanding - Diluted	95.6	99.0	97.0	100.3

The effect of dilutive shares from stock option awards and restricted stock unit awards is computed under the treasury stock method. Stock option awards to purchase 1,548,785 and 2,533,605 shares of common stock during the third quarter of fiscal 2026 and 2025, respectively, and to purchase 1,841,217 and 2,106,309 shares of common stock during the first nine months of fiscal 2026 and 2025, respectively, were excluded from the computation of diluted net earnings per share of common stock because they were anti-dilutive.

14 Commitments and Contingencies

Customer Financing Arrangements

Inventory Financing

The company is party to inventory financing arrangements with Red Iron, Huntington Commercial Finance Canada, Inc. ("HCFC"), and other third-party financial institutions (collectively, the "financial institutions") which provide inventory financing to certain dealers and distributors of certain of the company's products in the U.S. and internationally. These financing arrangements are structured as an advance in the form of a payment by the financial institutions to the company on behalf of a distributor or dealer with respect to invoices financed by the financial institution. These payments extinguish the obligation of the dealer or distributor to make payment to the company under the terms of the applicable invoice.

Under separate agreements between the financial institutions and the dealers and distributors, the financial institutions provide loans to the dealers and distributors for the advances paid by the financial institutions to the company. Under these financing arrangements, down payments are not required, and depending on the finance program for each product line, finance charges are incurred by the company, shared between the company and the distributor and/or the dealer, or paid by the distributor or dealer. The financial institutions retain a security interest in the distributors' and dealers' financed inventories and such inventories are monitored regularly through audits. Financing terms to the distributors and dealers require payment as the inventory, which secures the indebtedness, is sold to end-users or when payment otherwise becomes due under the agreements between the financial institutions and the distributors and dealers, whichever occurs first. Rates are generally indexed to the Secured Overnight Financing Rate ("SOFR"), or an alternative variable rate, plus a fixed percentage that differs based on whether the financing is for a distributor or dealer. Rates may also vary based on the product that is financed.

The net amount of receivables financed for dealers and distributors under this arrangement with Red Iron for the nine months ended July 31, 2026 and August 1, 2025 were $2,107.6 million and $2,019.9 million, respectively. The total amount of net receivables outstanding under this arrangement with Red Iron as of July 31, 2026, August 1, 2025, and October 31, 2025 were $790.0 million, $821.1 million and $807.6 million, respectively. The total amount of receivables due from Red Iron to the company as of July 31, 2026, August 1, 2025, and October 31, 2025 were $20.5 million, $33.5 million and $21.6 million, respectively.

The net amount of receivables financed for dealers and distributors under the arrangements with HCFC and the other third-party financial institutions for the nine months ended July 31, 2026 and August 1, 2025 were $535.2 million and $505.7 million, respectively. As of July 31, 2026, August 1, 2025, and October 31, 2025, $296.0 million, $272.1 million and $308.3 million, respectively, of receivables financed by HCFC and the other third-party financial institutions were outstanding.

Inventory Repurchase Agreements

The company has entered into a limited inventory repurchase agreement with Red Iron and HCFC under which the company has agreed to repurchase certain repossessed products, up to a maximum aggregate amount of $7.5 million in a calendar year. Additionally, as a result of the company's floor plan financing agreements with the other third-party financial institutions, the company also entered into inventory repurchase agreements with the other third-party financial institutions. Under such inventory repurchase agreements, the company has agreed to repurchase products repossessed by the other third-party financial institutions. As of July 31, 2026, August 1, 2025 and October 31, 2025, the company was contingently liable to repurchase up to a maximum amount of $31.9 million, $30.7 million, and $29.0 million, respectively, of inventory related to receivables under these inventory repurchase agreements. The company's financial exposure under these inventory repurchase agreements is limited to the difference between the amount paid to Red Iron, HCFC or other third-party financing institutions for repurchases of inventory and the amount received upon subsequent resale of the repossessed product. The company has repurchased immaterial amounts of inventory pursuant to such arrangements for the nine months ended July 31, 2026 and August 1, 2025.

Supplier Finance Program

The company has a supply chain finance service agreement with a third-party financial institution to provide a web-based platform that facilitates the ability of participating suppliers to finance payment obligations from the company with the third-party financial institution. Participating suppliers may, at their sole discretion, make offers to finance one or more payment obligations of the company prior to their scheduled due dates at a discounted price to the third-party financial institution. The company's obligations to its suppliers, including amounts due and scheduled payment dates, are not affected by suppliers' decisions to finance amounts under this supply chain finance arrangement. The company guarantees its payment obligations under the supply chain finance arrangement with the third-party financial institution. The company does not pledge assets as security to the suppliers or the third-party financial institution. As of July 31, 2026, August 1, 2025 and October 31, 2025, $87.7 million, $73.9 million, and $68.8 million, respectively, of the company's outstanding payment obligations were financed by participating suppliers through the third-party financial institution's supply chain finance web-based platform. These obligations are presented within accounts payable in the Condensed Consolidated Balance Sheets.

Litigation

From time to time, the company is party to litigation in the ordinary course of business. Such matters are generally subject to uncertainties and to outcomes that are not predictable with assurance and that may not be known for extended periods of time. Litigation occasionally involves claims for punitive, as well as compensatory, damages arising out of the use of the company’s products. Although the company is self-insured to some extent, the company maintains insurance against certain product liability losses. The company is also subject to litigation and administrative and judicial proceedings with respect to claims involving asbestos and the discharge of hazardous substances into the environment. Some of these claims assert damages and liability for personal injury, remedial investigations or clean-up and other costs and damages. The company is also occasionally involved in commercial disputes, employment or employment-related disputes, and patent litigation cases in which it is asserting or defending against patent infringement claims. To prevent possible infringement of the company’s patents by others, the company periodically reviews competitors’ products. To avoid potential liability with respect to others’ patents, the company reviews certain patents issued by the U.S. Patent and Trademark Office and foreign patent offices. The company believes these activities help minimize its risk of being a defendant in patent infringement litigation.

The company records a liability in its Condensed Consolidated Financial Statements for costs related to claims, including future legal costs, settlements, and judgments, where the company has assessed that a loss is probable and an amount can be reasonably estimated. If the reasonable estimate of a probable loss is a range, the company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. The company discloses a contingent liability even if the liability is not probable or the amount is not estimable, or both, if there is a reasonable possibility that a material loss may have been incurred. In the opinion of management, the amount of liability, if any, with respect to these matters, individually or in the aggregate, will not materially affect the company's consolidated results of operations, financial position, or cash flows.

In situations where the company receives, or expects to receive, a favorable ruling related to a litigation settlement, the company follows the accounting standards codification guidance for gain contingencies. The company does not allow for the recognition of a gain contingency within its Condensed Consolidated Financial Statements prior to the settlement of the underlying events or contingencies associated with the gain contingency. As a result, the consideration related to a gain contingency is recorded in the Condensed Consolidated Financial Statements during the period in which all underlying events or contingencies are resolved and the gain is realized.

15 Leases

The company enters into contracts that are, or contain, operating lease agreements for certain property, plant, or equipment assets utilized in the normal course of business, such as buildings for manufacturing facilities, office space, distribution centers, and warehouse facilities; land for product testing sites; machinery and equipment for research and development activities, manufacturing and assembly processes, and administrative tasks; and vehicles for sales, service, marketing, and distribution activities. Contracts that explicitly or implicitly relate to property, plant, and equipment are assessed at inception to determine if the contract is, or contains, a lease. Such contracts for operating lease agreements convey the company's right to direct the use of, and obtain substantially all of the economic benefits from, an identified asset for a defined period of time in exchange for consideration. The lease term begins and is determined upon lease commencement, which is the point in time when the company takes possession of the identified asset, and generally includes all non-cancelable periods. Lease expense for the company's operating leases is recognized on a straight-line basis over the lease term and is recorded within cost of sales or selling, general and administrative expense within the Condensed Consolidated Statements of Earnings as dictated by the nature and use of the underlying asset. The company does not recognize right-of-use assets and lease liabilities, but does recognize expense on a straight-line basis, for short-term operating leases which have a lease term of 12 months or less and do not include an option to purchase the underlying asset.

Lease payments are determined at lease commencement and generally represent fixed lease payments as defined within the respective lease agreement or, in the case of certain lease agreements, variable lease payments that are measured as of the lease commencement date based on the prevailing index or market rate. Future adjustments to variable lease payments are defined and scheduled within the respective lease agreement and are determined based upon the prevailing market or index rate at the time of the adjustment relative to the market or index rate determined at lease commencement. Certain other lease agreements contain variable lease payments that are determined based upon actual utilization of the identified asset. Such future adjustments to variable lease payments and variable lease payments based upon actual utilization of the identified asset are not included within the determination of lease payments at commencement but rather, are recorded as variable lease expense in the period in which the variable lease cost is incurred.

Right-of-use assets represent the company's right to use an underlying asset throughout the lease term and lease liabilities represent the company's obligation to make lease payments arising from the lease agreement. The company accounts for operating lease liabilities at lease commencement and on an ongoing basis as the present value of the minimum remaining lease payments under the respective lease term. Minimum remaining lease payments are generally discounted to present value based the estimated incremental borrowing rate at lease commencement as the rate implicit in the lease is generally not readily determinable. Right-of-use assets are measured as the amount of the corresponding operating lease liability for the respective operating lease agreement, adjusted for prepaid or accrued lease payments, the remaining balance of any lease incentives received, unamortized initial direct costs, and impairment of the operating lease right-of-use asset, as applicable.

The following table presents the lease expense incurred on the company’s operating, short-term, and variable leases:

	Three Months Ended		Nine Months Ended	
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**July 31, 2026**	**August 1, 2025**
Operating lease expense	$ 7.3	$ 9.5	$ 22.8	$ 27.0
Short-term lease expense	2.0	1.1	5.4	3.6
Variable lease expense	1.5	0.7	2.6	1.4
Total lease expense	$ 10.8	$ 11.3	$ 30.8	$ 32.0

The following table presents supplemental cash flow information related to the company's operating leases:

	Nine Months Ended	
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**
Right-of-use assets obtained in exchange for lease obligations	$ 13.0	$ 11.0
Operating cash flows for amounts included in the measurement of lease liabilities	$ 20.7	$ 21.2

The following table presents other lease information related to the company's operating leases:

	July 31, 2026	August 1, 2025	October 31, 2025
Weighted-average remaining lease term of operating leases in years	7.6	8.7	8.1
Weighted-average discount rate of operating leases	5.20 %	5.09 %	5.04 %

The following table reconciles the total undiscounted future cash flows based on the anticipated future minimum operating lease payments by fiscal year for the company's operating leases to the present value of operating lease liabilities recorded within the Condensed Consolidated Balance Sheets as of July 31, 2026:

(Dollars in millions)	July 31, 2026
2026 (remaining)	$ 6.9
2027	24.8
2028	21.6
2029	17.2
2030	13.8
Thereafter	53.8
Total future minimum operating lease payments	138.1
Less: imputed interest	22.1
Present value of operating lease liabilities	$ 116.0

During the preparation of the financial statements for the third quarter of fiscal 2026, the company recorded a non-cash impairment charge of $13.4 million related to the Monterrey facility right-of-use asset reported under the Residential segment. For additional information regarding the impairment charge, refer to Note 18*, Management Actions*.

16 Derivative Instruments and Hedging Activities

Risk Management Objective of Using Derivatives

The company is exposed to foreign currency exchange rate risk arising from transactions in the normal course of business, such as sales to third-party customers, sales and loans to wholly-owned foreign subsidiaries, costs associated with foreign plant operations, and purchases from suppliers. The company's primary currency exchange rate exposures are with the Euro, the Australian dollar, the Canadian dollar, the British pound, the Mexican peso, the Japanese yen, the Chinese renminbi, and the Romanian new leu against the U.S. dollar, as well as the Romanian new leu against the Euro.

To reduce its exposure to foreign currency exchange rate risk, the company enters into various derivative instruments to hedge against such risk, authorized under a company policy that places controls on these hedging activities, with counterparties that are highly rated financial institutions. The company's policy does not allow the use of derivative instruments for trading or speculative purposes. The company has also made an accounting policy election to use the portfolio exception with respect to measuring counterparty credit risk for derivative instruments and to measure the fair value of a portfolio of financial assets and financial liabilities on the basis of the net open risk position with each counterparty.

The company's hedging activities primarily involve the use of forward currency contracts to hedge most foreign currency transactions, including forecasted sales and purchases denominated in foreign currencies. The company uses derivative instruments only in an attempt to limit underlying exposure from foreign currency exchange rate fluctuations and to minimize earnings and cash flow volatility associated with foreign currency exchange rate fluctuations. Decisions on whether to use such derivative instruments are primarily based on the amount of exposure to the currency involved and an assessment of the near-term market value for each currency.

The company recognizes all derivative instruments at fair value on the Condensed Consolidated Balance Sheets as either assets or liabilities. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as a cash flow hedging instrument.

Cash Flow Hedging Instruments

The company formally documents relationships between cash flow hedging instruments and the related hedged transactions, as well as its risk-management objective and strategy for undertaking cash flow hedging instruments. This process includes linking all cash flow hedging instruments to the forecasted transactions, such as sales to third-parties and costs associated with foreign plant operations, including purchases from suppliers. At the cash flow hedge's inception and on an ongoing basis, the company formally assesses whether the cash flow hedging instruments have been highly effective in offsetting changes in the cash flows of the hedged transactions and whether those cash flow hedging instruments may be expected to remain highly effective in future periods.

Changes in the fair values of the spot rate component of outstanding, highly effective cash flow hedging instruments included in the assessment of hedge effectiveness are recorded in other comprehensive income within AOCL on the Condensed Consolidated Balance Sheets and are subsequently reclassified to net earnings within the Condensed Consolidated Statements of Earnings during the same period in which the cash flows of the underlying hedged transaction affect net earnings. Changes in the fair values of hedge components excluded from the assessment of effectiveness are recognized immediately in net earnings under the mark-to-market approach. The classification of gains or losses recognized on cash flow hedging instruments and excluded components within the Condensed Consolidated Statements of Earnings is the same as that of the underlying exposure. Results of cash flow hedging instruments, and the related excluded components, of sales and costs associated with foreign plant operations, including purchases from suppliers, are recorded in net sales and cost of sales, respectively. The maximum amount of time the company hedges its exposure to the variability in future cash flows for forecasted trade sales and purchases is two years.

When it is determined that a derivative instrument is not, or has ceased to be, highly effective as a cash flow hedge, the company discontinues cash flow hedge accounting prospectively. The gain or loss on the dedesignated derivative instrument remains in AOCL and is reclassified to net earnings within the same Condensed Consolidated Statements of Earnings line item as the underlying exposure when the forecasted transaction affects net earnings. When the company discontinues cash flow hedge accounting because it is no longer probable, but it is still reasonably possible that the forecasted transaction will occur by the end of the originally expected period or within an additional two-month period of time thereafter, the gain or loss on the derivative instrument remains in AOCL and is reclassified to net earnings within the same Condensed Consolidated Statements of Earnings line item as the underlying exposure when the forecasted transaction affects net earnings. However, if it is probable that a forecasted transaction will not occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses that were in AOCL are immediately recognized in net earnings within other income, net in the Condensed Consolidated Statements of Earnings. In all situations in which cash flow hedge accounting is discontinued and the derivative instrument remains outstanding, the company carries the derivative instrument at its fair value on the Condensed Consolidated Balance Sheets, recognizing future changes in the fair value within other income, net in the Condensed Consolidated Statements of Earnings.

As of July 31, 2026, the notional amount outstanding of forward currency contracts designated as cash flow hedging instruments was $358.7 million.

Derivatives Not Designated as Cash Flow Hedging Instruments

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

The following table presents the fair value and location of the company's derivative instruments on the Condensed Consolidated Balance Sheets:

(Dollars in millions)	July 31, 2026	August 1, 2025	October 31, 2025
Derivative assets:			
Derivatives designated as cash flow hedging instruments:			
Prepaid expenses and other current assets			
Forward currency contracts	$ 6.2	$ 3.0	$ 3.6
Derivatives not designated as cash flow hedging instruments:			
Prepaid expenses and other current assets			
Forward currency contracts	0.8	0.5	0.5
Total derivative assets	$ 7.0	$ 3.5	$ 4.1
Derivative liabilities:			
Derivatives designated as cash flow hedging instruments:			
Accrued liabilities			
Forward currency contracts	$ 1.6	$ 5.6	$ 4.3
Derivatives not designated as cash flow hedging instruments:			
Accrued liabilities			
Forward currency contracts	1.1	1.5	1.3
Total derivative liabilities	$ 2.7	$ 7.1	$ 5.6

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

The following table presents the effects of the master netting arrangements on the fair value of the company's derivative instruments that are recorded on the Condensed Consolidated Balance Sheets:

(Dollars in millions)	July 31, 2026	August 1, 2025	October 31, 2025
Derivative assets:			
Forward currency contracts:			
Gross amount of derivative assets	$ 7.1	$ 3.6	$ 4.2
Derivative liabilities offsetting derivative assets	0.1	0.1	0.1
Net amount of derivative assets	$ 7.0	$ 3.5	$ 4.1
Derivative liabilities:			
Forward currency contracts:			
Gross amount of derivative liabilities	$ 4.3	$ 8.0	$ 6.2
Derivative assets offsetting derivative liabilities	1.6	0.9	0.6
Net amount of derivative liabilities	$ 2.7	$ 7.1	$ 5.6

The following table presents the impact and location of the amounts reclassified from AOCL into net earnings on the Condensed Consolidated Statements of Earnings and the impact of derivative instruments on the Condensed Consolidated Statements of Comprehensive Income for the company's derivatives designated as cash flow hedging instruments for the three and nine months ended July 31, 2026 and August 1, 2025:

	Three Months Ended			
	Gain (Loss) Reclassified from AOCL into Earnings		Gain (Loss) Recognized in OCI on Derivatives	
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**July 31, 2026**	**August 1, 2025**
Derivatives designated as cash flow hedging instruments:				
Forward currency contracts:				
Net sales	$ (1.8)	$ (1.3)	$ 6.1	$ 0.4
Cost of sales	0.6	(0.9)	(0.2)	3.1
Total derivatives designated as cash flow hedging instruments	$ (1.2)	$ (2.2)	$ 5.9	$ 3.5

	Nine Months Ended			
	Gain (Loss) Reclassified from AOCL into Earnings		Gain (Loss) Recognized in OCI on Derivatives	
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**July 31, 2026**	**August 1, 2025**
Derivatives designated as cash flow hedging instruments:				
Forward currency contracts:				
Net sales	$ (7.2)	$ 0.2	$ 2.6	$ (4.8)
Cost of sales	1.1	(4.1)	2.9	7.4
Total derivatives designated as cash flow hedging instruments	$ (6.1)	$ (3.9)	$ 5.5	$ 2.6

The company recognized immaterial gains and losses within other income, net in the Condensed Consolidated Statements of Earnings during the third quarter and first nine months of fiscal 2026 and fiscal 2025, respectively, due to the discontinuance of cash flow hedge accounting on certain forward currency contracts designated as cash flow hedging instruments. As of July 31, 2026, the company expects to reclassify an immaterial amount of losses from AOCL to earnings during the next twelve months.

The following tables present the impact and location of derivative instruments on the Condensed Consolidated Statements of Earnings for the company's derivatives designated as cash flow hedging instruments and the related components excluded from effectiveness testing:

	(Loss) Gain Recognized in Earnings on Cash Flow Hedging Instruments			
(Dollars in millions)	**July 31, 2026**		**August 1, 2025**	
Three Months Ended	**Net Sales**	**Cost of Sales**	**Net Sales**	**Cost of Sales**
Condensed Consolidated Statements of Earnings (Loss) income (expense) amounts in which the effects of cash flow hedging instruments are recorded	$ 1,225.8	$ (807.7)	$ 1,131.3	$ (749.5)
(Loss) gain on derivatives designated as cash flow hedging instruments:				
Forward currency contracts:				
Amount of (loss) gain reclassified from AOCL into earnings	(1.8)	0.6	(1.3)	(0.9)
(Loss) gain on components excluded from effectiveness testing recognized in earnings based on changes in fair value	$ (1.0)	$ 0.8	$ 0.1	$ 1.0

	(Loss) Gain Recognized in Earnings on Cash Flow Hedging Instruments			
(Dollars in millions)	**July 31, 2026**		**August 1, 2025**	
Nine Months Ended	**Net Sales**	**Cost of Sales**	**Net Sales**	**Cost of Sales**
Condensed Consolidated Statements of Earnings income (expense) amounts in which the effects of cash flow hedging instruments are recorded	$ 3,686.8	$ (2,449.5)	$ 3,444.2	$ (2,290.1)
(Loss) gain on derivatives designated as cash flow hedging instruments:				
Forward currency contracts:				
Amount of (loss) gain reclassified from AOCL into earnings	(7.2)	1.1	0.2	(4.1)
Gain on components excluded from effectiveness testing recognized in earnings based on changes in fair value	$ 1.5	$ 1.9	$ 0.8	$ 2.6

The following table presents the impact and location of derivative instruments on the Condensed Consolidated Statements of Earnings for the company's derivatives not designated as cash flow hedging instruments:

	Three Months Ended		Nine Months Ended	
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**July 31, 2026**	**August 1, 2025**
(Loss) gain on derivatives not designated as cash flow hedging instruments				
Forward currency contracts:				
Other (loss) gain, net	$ 1.6	$ (0.6)	$ (4.0)	$ (4.3)
Total (loss) gain on derivatives not designated as cash flow hedging instruments	$ 1.6	$ (0.6)	$ (4.0)	$ (4.3)

17 Fair Value Measurements

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

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

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

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

Recurring Fair Value Measurements

The company's derivative instruments consist of forward currency contracts that are measured at fair value on a recurring basis. The fair value of such forward currency contracts is determined based on observable market transactions of forward currency prices and spot currency rates as of the reporting date.

The following tables present, by level within the fair value hierarchy, the company's financial assets and liabilities that are measured at fair value on a recurring basis as of July 31, 2026, August 1, 2025, and October 31, 2025, according to the valuation technique utilized to determine their fair values (dollars in millions):

		Fair Value Measurements Using Inputs Considered as:		
July 31, 2026	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Forward currency contracts	$ 7.0	$ —	$ 7.0	$ —
Total assets	$ 7.0	$ —	$ 7.0	$ —
Liabilities:				
Forward currency contracts	$ 2.7	$ —	$ 2.7	$ —
Total liabilities	$ 2.7	$ —	$ 2.7	$ —

		Fair Value Measurements Using Inputs Considered as:		
August 1, 2025	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Forward currency contracts	$ 3.5	$ —	$ 3.5	$ —
Total assets	$ 3.5	$ —	$ 3.5	$ —
Liabilities:				
Forward currency contracts	$ 7.1	$ —	$ 7.1	$ —
Total liabilities	$ 7.1	$ —	$ 7.1	$ —

		Fair Value Measurements Using Inputs Considered as:		
October 31, 2025	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Forward currency contracts	$ 4.1	$ —	$ 4.1	$ —
Total assets	$ 4.1	$ —	$ 4.1	$ —
Liabilities:				
Forward currency contracts	$ 5.6	$ —	$ 5.6	$ —
Total liabilities	$ 5.6	$ —	$ 5.6	$ —

Nonrecurring Fair Value Measurements

The company measures certain assets and liabilities at fair value on a non-recurring basis. Assets and liabilities that are measured at fair value on a nonrecurring basis include long-lived assets, goodwill, and indefinite-lived intangible assets, which would generally be recorded at fair value as a result of an impairment charge. Assets acquired and liabilities assumed as part of a business combination are also measured at fair value on a non-recurring basis during the measurement period allowed by the accounting standards codification guidance for business combinations when applicable. Alternatively, under a cost accumulation model, the company measures the fair values of net assets acquired as part of an asset acquisition before allocating the cost of the asset acquisition to the net assets acquired on the basis of their relative fair values.

Other Fair Value Disclosures

The carrying values of the company's short-term financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and short-term debt, including current maturities of long-term debt, when applicable, approximate their fair values due to their short-term nature. As of July 31, 2026, August 1, 2025, and October 31, 2025, the company's long-term debt included $724.3 million, $524.3 million, and $724.3 million, respectively, of gross fixed-rate debt that is not subject to variable interest rate fluctuations. The gross fair value of such long-term debt is determined using Level 2 inputs by discounting the projected cash flows based on quoted market rates at which similar amounts of debt could currently be borrowed. As of July 31, 2026, the estimated gross fair value of long-term debt with fixed interest rates was $713.6 million compared to its gross carrying amount of $724.3 million. As of August 1, 2025, the estimated gross fair value of long-term debt with fixed interest rates was $527.9 million compared to its gross carrying amount of $524.3 million. As of October 31, 2025, the estimated gross fair value of long-term debt with fixed interest rates was $733.1 million compared to its gross carrying amount of $724.3 million. For additional information regarding long-term debt with fixed interest rates, refer to Note 6, *Indebtedness*.

18 Management Actions

During the nine month period ended July 31, 2026, the company continued executing initiatives designed to drive sustainable supply-base, design-to-value, route-to-market, and operational efficiency transformation. During the first nine months of fiscal 2026, the company completed certain actions associated with its operational footprint optimization and product portfolio rationalization efforts, resulting in facility exit costs and product-line exit costs recognized during the period. Liabilities at the beginning and end of each respective period are immaterial. Total expenses incurred to date in connection with these activities are $124.4 million and remaining costs associated with these initiatives are expected to be immaterial. Charges associated with these initiatives are recorded within Other activities as these costs are not allocated to the company's reportable segments for purposes of evaluating segment operating performance.

Charges recognized in connection with these activities were as follows (in millions):

	Three Months Ended		Nine Months Ended	
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**July 31, 2026**	**August 1, 2025**
Facility exit costs	$ 1.8	$ 6.6	$ 17.4	$ 10.8
Product-line exit costs	10.7	0.4	10.5	0.6
Severance and termination benefits	—	0.2	—	3.3
Cost of sales	$ 12.5	$ 7.2	$ 27.9	$ 14.7
Severance and termination benefits	—	0.2	—	12.2
Other[1]	0.6	0.7	4.9	3.0
Selling, general and administrative expense	$ 0.6	$ 0.9	$ 4.9	$ 15.2
Facility exit costs	32.4	—	32.4	—
Product-line exit costs	10.7	—	10.7	—
Non-cash impairment charges	$ 43.1	$ —	$ 43.1	$ —
Other income (expense)	(0.9)	(1.1)	3.9	(1.5)
Income tax provision	6.6	1.5	9.8	5.7
Total management actions	$ 50.5	$ 7.7	$ 62.2	$ 25.7

[1]Other primarily represents compensation for fully dedicated transformation personnel and other transformation expenses.

During the preparation of the financial statements for the third quarter of fiscal 2026, the company recorded an impairment charge related to the planned exit of the Monterrey manufacturing facility as part of the company's footprint optimization efforts. The impairment charge represents the excess of the assets' carrying values over their estimated fair values, which were determined using the income approach and Level 3 inputs, including expected sublease rental rates, vacancy periods, and a discount rate. The Monterrey asset group is reported under the Residential segment.

During the preparation of the financial statements for the third quarter of fiscal 2026, the company also recorded an impairment charge related to the exit of a residential mower platform, resulting in non-cash impairment charges to property, plant, and equipment reported under the Residential segment.

As a result of these two actions, the company recorded non-cash impairment charges of an aggregate of $43.1 million for the third quarter of fiscal 2026 which were allocated to property, plant, and equipment and the Monterrey right-of-use asset. These charges resulted in a 1.4 million income tax benefit (deferred tax asset) associated with the remaining tax deductible basis of the assets.

19 Subsequent Events

The company has evaluated all subsequent events and concluded that no subsequent events have occurred that would require recognition in the Condensed Consolidated Financial Statements or disclosure in the Notes to the Condensed Consolidated Financial Statements.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our Condensed Consolidated Financial Statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Unless the context indicates otherwise, the terms "we," "our," or "us" refer to The Toro Company and its consolidated subsidiaries. This MD&A should be read in conjunction with the MD&A included in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended October 31, 2025. Unless expressly stated otherwise, the comparisons presented in this MD&A refer to the same period in the prior fiscal year. Our MD&A is presented as follows:

- Company Overview
- Results of Operations
- Business Segments
- Financial Position
- Non-GAAP Financial Measures
- Critical Accounting Policies and Estimates

This discussion contains various "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and we refer readers to the section titled "Cautionary Note Regarding Forward-Looking Statements" located at the beginning of this Quarterly Report on Form 10-Q for more information.

Non-GAAP Financial Measures

Throughout this MD&A, we have provided financial and liquidity measures that are not calculated or presented in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") ("non-GAAP financial measures," "adjusted" before specified financial measures, and "non-GAAP liquidity measures"), as information supplemental and in addition to the most directly comparable financial measures presented in this Quarterly Report on Form 10-Q that are calculated and presented in accordance with U.S. GAAP. We believe that these non-GAAP financial measures, when considered in conjunction with our Condensed Consolidated Financial Statements prepared in accordance with U.S. GAAP, provide investors with useful supplemental financial information to better understand our core operational performance and cash flows. These non-GAAP financial measures, however, should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the most directly comparable U.S. GAAP financial measures. Reconciliations of non-GAAP financial measures to the most directly comparable reported U.S. GAAP financial measures are included in the section titled "Non-GAAP Financial Measures" within this MD&A.

COMPANY OVERVIEW

The Toro Company is in the business of designing, manufacturing, marketing, and selling professional turf maintenance equipment and services; turf irrigation systems; landscaping equipment and lighting products; snow and ice management products; agricultural irrigation systems; rental, specialty, and underground construction equipment; and residential yard and snow thrower products. Our purpose is to help our customers enrich the beauty, productivity, and sustainability of the land. Sustainability is integrated into our enterprise strategic priorities of accelerating profitable growth, driving productivity and operational excellence, and empowering our people. Our focus on alternative power, smart connected, and autonomous solutions, as well as our continued efforts to address sustainability-focused matters, are disclosed in our most recent Sustainability Report, which is not incorporated by reference into and does not form any part of this report.

We sell our products worldwide through a network of distributors, dealers, mass retailers, hardware retailers, equipment rental centers, and home centers, as well as online and direct to end-users. We strive to provide innovative, well-built, and dependable products supported by an extensive service network. A significant portion of our net sales has historically been, and we expect will continue to be, attributable to new and enhanced products. We define new products as those introduced in the current and previous two fiscal years. We classify our operations into two reportable business segments: Professional and Residential. Our remaining activities are presented as "Other" due to their insignificance, as described in greater detail within the section titled "Business Segments" in this MD&A.

Business Combinations

Acquisition of Tornado Infrastructure Equipment Ltd. ("Tornado Infrastructure Equipment")

On December 8, 2025, we completed the acquisition of Tornado Infrastructure Equipment, a publicly held Canadian company and a manufacturer in the hydrovac excavation solutions industry. Tornado Infrastructure Equipment manufactures hydrovac excavation solutions and industrial equipment solutions for the underground construction, power transmission and energy markets and provides innovative product offerings that broaden and strengthen our Professional segment and expands its dealer network.

The cash consideration, net of cash acquired, was $210.3 million ("purchase price"). The purchase price was funded with borrowings under our existing revolving credit facility. As of July 31, 2026, we have substantially completed our process for measuring the fair values of the assets acquired and liabilities assumed based on information available as of the Tornado Infrastructure Equipment closing date, with the exception of our valuation of income taxes as we require additional information to finalize our valuation of income taxes. Thus, the preliminary measurements of fair value reflected for income taxes are subject to change as additional information becomes available and as additional analysis is performed. We expect to finalize our preliminary valuation of income taxes and complete the allocation of the preliminary Tornado Infrastructure Equipment purchase price as soon as practicable, but no later than one year from the closing date of the acquisition, as required. For additional information regarding the Tornado Infrastructure Equipment acquisition, refer to Note 2, Acquisition in the Notes to Condensed Consolidated Financial Statements included in Part I. Item 1 of this Quarterly Report on Form 10-Q.

Tariffs

The tariff environment is complex and evolving. Our business has incurred, and expects to continue to incur, additional costs related to tariffs. We have taken and will continue to take actions to mitigate inflationary pressures caused by tariffs through a combination of targeted price increases, strategic sourcing adjustments, manufacturing and product portfolio optimization, as well as our ongoing efforts to drive sustainable efficiency gains in our operations and administrative structures.

On February 20, 2026, the United States Supreme Court issued a decision invalidating certain tariffs imposed under the International Emergency Economic Powers Act ("IEEPA"). This ruling did not address the availability, timing, or mechanics of any potential refunds of tariffs previously collected.

The U.S. Court of International Trade ("CIT") has issued orders directing the U.S. Customs and Border Protection ("CBP") to refund previously collected IEEPA tariffs. CBP has since launched the Consolidated Administration and Processing of Entries ("CAPE") system which is being deployed in phases to facilitate the submission, validation, and payment of IEEPA tariff refund claims.

There can be no guarantee that any refund, if received, will equal the full amount of IEEPA tariffs paid, and any refund may be subject to further legal, regulatory, or administrative developments. As of July 31, 2026, we have recorded approximately $8 million as a reduction to cost of goods sold. Based on currently available information, we estimate we may be eligible to recover a total of approximately $20 million of IEEPA tariffs paid.

AMP Initiative

In the first quarter of fiscal 2024, we launched a significant productivity initiative named AMP, which is a multi-year initiative now on track to achieve at least $125 million of run-rate savings by fiscal 2027, up from the initial program estimate of at least $100 million. The program is driven by sustainable supply-base, design-to-value, route-to-market, and operational efficiency transformation. We expect to reinvest a portion of the savings from this initiative to drive further innovation and growth. As of the third quarter of fiscal 2026, the AMP initiative has delivered cumulative cost savings of $123.4 million and anticipated annualized cost savings of $124.9 million. Refer to the section titled "Non-GAAP Financial Measures" for information about the productivity initiative charges incurred to generate these savings.

Manufacturing Facility and Product Line Exits

During the preparation of the financial statements for the third quarter of fiscal 2026, we recorded non-cash impairment charges of $43.1 million in Other activities related to the planned closure of our Monterrey manufacturing facility and the write-down of assets associated with a residential mower platform. These impairment charges are included in the Non-cash impairment charge caption on the Condensed Consolidated Statements of Earnings (Loss), and resulted in a $1.4 million deferred tax asset associated with the remaining tax deductible basis of the manufacturing facility and product line. For additional information regarding these impairment charges, refer to Note 18, *Management Actions* in our Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Tax

On July 4, 2025, U.S tax legislation known as the "One Big Beautiful Bill Act" ("OBBB") was signed into law which made permanent many of the tax provisions enacted in 2017 as part of the Tax Cuts and Jobs Act that were set to expire at the end of 2025 and other changes to certain U.S. corporate tax provisions, with staggered effective dates beginning this year. While we continue to evaluate the impact of the legislation on our financial position, we do not expect it to have a material impact on our results of operations.

Impairment of Spartan Trade Name

During the third quarter of fiscal 2025, we recorded an impairment charge of $81.1 million related to the indefinite-lived Spartan trade name intangible asset reported under the Professional segment. Subsequent to this impairment charge, the indefinite-lived Spartan trade name intangible asset is fully impaired, resulting in a carrying value of zero. This impairment charge is included in the Non-cash impairment charge caption on the Condensed Consolidated Statements of Earnings (Loss). The impairment charge resulted in a $19.7 million income tax benefit (deferred tax asset) associated with the remaining tax deductible basis of the intangible asset. For additional information regarding the impairment charge, refer to Note 5, *Goodwill and Other Intangible Assets, Net* in our Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

RESULTS OF OPERATIONS

Overview

Consolidated net sales for the third quarter of fiscal 2026 were $1,225.8 million, up 8.4 percent compared to $1,131.3 million in the third quarter of fiscal 2025. For the first nine months of fiscal 2026, consolidated net sales were $3,686.8 million, up 7.0 percent compared to $3,444.2 million from the same period in the prior fiscal year.

Professional segment net sales for the third quarter of fiscal 2026 were $1,012.6 million, up 8.8 percent compared to $930.8 million in the third quarter of fiscal 2025. For the first nine months of fiscal 2026, Professional net sales were $2,943.2 million, an increase of 8.5 percent compared to $2,713.7 million from the same period in the prior fiscal year.

Residential segment net sales for the third quarter of fiscal 2026 were $209.3 million, up 8.6 percent compared to $192.8 million in the third quarter of fiscal 2025. For the first nine months of fiscal 2026, Residential net sales were $725.7 million, an increase of 2.0 percent compared to $711.2 million from the same period in the prior fiscal year.

Net earnings for the third quarter of fiscal 2026 were $77.0 million, or $0.81 per diluted share, compared to $53.5 million, or $0.54 per diluted share, for the third quarter of fiscal 2025. Net earnings for the first nine months of fiscal 2026 were $290.3 million, or $2.99 per diluted share, compared to $243.1 million, or $2.42 per diluted share, from the same period in the prior fiscal year.

Adjusted net earnings for the third quarter of fiscal 2026 were $126.8 million, or $1.33 per diluted share, compared to $122.5 million, or $1.24 per diluted share, for the third quarter of fiscal 2025. Adjusted net earnings for the first nine months of fiscal 2026 were $354.8 million, or $3.66 per diluted share, compared to $330.2 million, or $3.29 per diluted share, from the same period in the prior fiscal year.

We maintained our tradition of paying quarterly cash dividends and increased our cash dividend for the third quarter of fiscal 2026 by 2.6 percent to $0.39 per share compared to $0.38 per share paid in the third quarter of fiscal 2025. We also repurchased shares of our common stock under our Board authorized stock repurchase program ("stock repurchase program"), thereby reducing our total shares of common stock outstanding. As a result of the combination of quarterly cash dividends and common stock repurchases, we returned $470.9 million of cash to our stockholders during the first nine months of fiscal 2026.

Field inventory was higher as of the end of the third quarter of fiscal 2026 compared to the end of the third quarter of fiscal 2025 primarily due to replenished balances of underground construction products that have reached healthy levels.

Our order backlog represents unfulfilled customer orders at a point in time. Our order backlog as of the end of the third quarter of fiscal 2026 was similar to the end of the third quarter of fiscal 2025 as backlog has largely normalized.

Net Sales

Consolidated net sales for the third quarter of fiscal 2026 were $1,225.8 million, up 8.4 percent compared to $1,131.3 million in the third quarter of fiscal 2025. The increase was primary driven by higher Professional and Residential segment volume, net price realization, and the Tornado acquisition. For the year-to-date period of 2026, consolidated net sales were $3,686.8 million, up 7.0 percent compared to $3,444.2 million from the same period in the prior fiscal year. The increase was primarily driven by net price realization, the Tornado acquisition, and higher Professional segment volume.

(Dollars in millions)	July 31, 2026	Three Months Ended Fiscal 2026 vs. 2025 Percentage Change	August 1, 2025
Net sales (in millions)	$ 1,225.8	8 %	$ 1,131.3
Contributions from volume growth		3 %	
Net price realization and mix		3 %	
Foreign currency exchange		— %	
Acquisitions/ Divestitures		2 %	

(Dollars in millions)	July 31, 2026	Nine Months Ended Fiscal 2026 vs. 2025 Percentage Change	August 1, 2025
Net sales (in millions)	$ 3,686.8	7 %	$ 3,444.2
Contributions from volume growth		2 %	
Net price realization and mix		3 %	
Foreign currency exchange		— %	
Acquisitions/ Divestitures		2 %	

Net sales in international markets increased by $32.7 million and $32.0 million for the third quarter and year-to-date periods of fiscal 2026, respectively. The increase for the third quarter comparison was primarily due to higher Professional segment volume and the Tornado acquisition.

Changes in foreign currency exchange rates resulted in an increase in our net sales of approximately $1.0 million and $13.0 million for the third quarter and year-to-date periods of fiscal 2026, respectively.

The following table summarizes our results of operations as a percentage of consolidated net sales:

	Three Months Ended		Nine Months Ended	
	July 31, 2026	August 1, 2025	July 31, 2026	August 1, 2025
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	(65.9)	(66.3)	(66.4)	(66.5)
Gross profit	34.1	33.7	33.6	33.5
Selling, general and administrative expense	(21.2)	(20.8)	(21.6)	(21.9)
Non-cash impairment charges	(3.5)	(7.2)	(1.2)	(2.4)
Operating earnings	9.4	5.7	10.8	9.2
Interest expense	(1.1)	(1.3)	(1.2)	(1.3)
Other income, net	0.4	0.7	0.6	0.6
Earnings before income taxes	8.7	5.1	10.2	8.5
Income tax provision	(2.4)	(0.4)	(2.3)	(1.4)
Net earnings	6.3 %	4.7 %	7.9 %	7.1 %

Gross Profit and Gross Margin

Gross profit for the third quarter of fiscal 2026 was $418.1 million, up 9.5 percent compared to $381.8 million for the third quarter of fiscal 2025. Gross margin was 34.1 percent for the third quarter of fiscal 2026 compared to 33.7 percent for the third quarter of fiscal 2025, an increase of 40 basis points. The increase in gross margin for the third quarter comparison was primarily due to net price realization, productivity improvements, and net sales leverage, partially offset by higher material and manufacturing costs. Gross profit for the year-to-date period of fiscal 2026 was $1,237.3 million, up 7.2 percent compared to $1,154.1 million for the same period of fiscal 2025. Gross margin was 33.6 percent for the year-to-date period of fiscal 2026 compared to 33.5 percent from the same period in the prior fiscal year, an increase of 10 basis points. The increase in gross margin for the year-to-date comparison was primarily due to net price realization and productivity initiatives, partially offset by higher material and manufacturing costs and product mix.

Selling, General, and Administrative ("SG&A") Expense

SG&A expense increased $23.9 million, or 10.1 percent, for the third quarter of fiscal 2026 and increased $41.3 million, or 5.5 percent, for the year-to-date period of fiscal 2026 compared to the same respective periods of fiscal 2025. As a percentage of net sales, SG&A expense increased 40 basis points for the third quarter of fiscal 2026 and decreased 30 basis points for the year-to-date period of fiscal 2026 compared to the same respective periods of fiscal 2025. The increase in SG&A expense as a percentage of net sales for the third quarter was primarily due to higher incentive expenses. The decrease in the year-to-date comparison was primarily due to net sales leverage, partially offset by higher incentive expenses.

Non-Cash Impairment Charges

We recorded non-cash impairment charges of $43.1 million within our Other activities related to the planned closure of our Monterrey manufacturing facility and the write-down of assets associated with the exit of a residential mower platform product line in the third quarter and year-to-date period of fiscal 2026. In the third quarter and year-to-date period of fiscal 2025, we recorded a non-cash impairment charge of $81.1 million within our Other activities related to the Spartan trade name.

Interest Expense

Interest expense decreased $1.3 million and $3.1 million for the third quarter and year-to-date periods of fiscal 2026, respectively, compared to the same respective periods of fiscal 2025. The decreases in interest expense for the third quarter and year-to-date comparisons were primarily due to lower average interest rates and lower average outstanding borrowings.

Other Income, Net

Other income, net decreased $2.6 million and increased $1.6 million for the third quarter and year-to-date periods of fiscal 2026, respectively, compared to the same respective periods of fiscal 2025. The decrease in other income, net for the third quarter comparison was primarily due to lower income from our Red Iron joint venture, a less favorable net impact from foreign currency, and derivative instruments. The increase in the year-to-date comparison was primarily due to net gains on sale of assets, partially offset by lower income from our Red Iron joint venture.

Income Tax Provision

The effective tax rate for the third quarter and year-to date periods of fiscal 2026 was 28.0 percent and 23.0 percent, respectively, compared to 7.4 percent and 16.9 percent, respectively, in the third quarter of fiscal 2025, primarily due to the impact of non-recurring adjustments and a less favorable geographic mix of earnings. The adjusted effective tax rate for the third quarter and year to date periods of fiscal 2026 was 22.4 percent and 21.9 percent, respectively, compared to an adjusted effective tax rate of 17.3 percent and 18.5 percent, respectively, in the third quarter of fiscal 2025, primarily driven by a less favorable geographic mix of earnings.

Net Earnings

Net earnings for the third quarter of fiscal 2026 were $77.0 million, or $0.81 per diluted share, compared to $53.5 million, or $0.54 per diluted share, for the third quarter of fiscal 2025. Adjusted net earnings for the third quarter of fiscal 2026 were $126.8 million, or $1.33 per diluted share, compared to $122.5 million, or $1.24 per diluted share, for the third quarter of fiscal 2025, an increase of 7.3 percent per diluted share. The increase in net earnings per diluted share for the third quarter comparison was primarily due to the non-cash impairment charge in the prior year and higher Professional and Residential segment profit in the current year, partially offset by higher productivity initiative charges and higher tax expenses in the current quarter.

Net earnings for the first nine months of fiscal 2026 were $290.3 million, or $2.99 per diluted share, compared to $243.1 million, or $2.42 per diluted share, for the same period of fiscal 2025. Adjusted net earnings for the first nine months of fiscal 2026 were $354.8 million, or $3.66 per diluted share, compared to $330.2 million, or $3.29 per diluted share, for the same year-to-date period of fiscal 2025, an increase of 11.2 percent per diluted share. The increase in net earnings per diluted share for the year-to-date comparison was primarily due to the prior year non-cash impairment charge, and higher Professional and Residential segment profit, partially offset by higher productivity initiative charges and higher tax expense.

BUSINESS SEGMENTS

As more fully described in Note 3, *Segment Data*, of the Notes to the Condensed Consolidated Financial Statements, we operate in two reportable business segments: Professional and Residential. Segment profit/(loss) for our Professional and Residential reportable segments is defined as adjusted earnings before interest and taxes "segment profit/(loss)". Our remaining activities consisting of a wholly-owned domestic distribution company, Red Iron joint venture, certain corporate activities, impairment charges, and the elimination of intersegment revenues and expenses, are presented as "Other" due to their insignificance. Corporate activities include general corporate expenditures, such as finance, human resources, legal, information technology, public relations, business development, and similar activities, productivity initiative charges, and other unallocated corporate assets and liabilities, such as corporate facilities and deferred tax assets and liabilities. The following tables summarize net sales for our reportable business segments and Other activities:

	Three Months Ended			
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**Dollar Value Change**	**Percentage Change**
Professional	$ 1,012.6	$ 930.8	$ 81.8	8.8 %
Residential	209.3	192.8	$ 16.5	8.6
Other	3.9	7.7	(3.8)	(49.4)
Total net sales*	$ 1,225.8	$ 1,131.3	$ 94.5	8.4 %
*Includes international net sales of:	$ 231.9	$ 199.2	$ 32.7	16.4 %

	Nine Months Ended			
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**Dollar Value Change**	**Percentage Change**
Professional	$ 2,943.2	$ 2,713.7	$ 229.5	8.5 %
Residential	725.7	711.2	14.5	2.0
Other	17.9	19.3	(1.4)	(7.3)
Total net sales*	$ 3,686.8	$ 3,444.2	$ 242.6	7.0 %
*Includes international net sales of:	$ 698.2	$ 666.2	$ 32.0	4.8 %

The following tables summarize segment profit/(loss) for our reportable business segments and Other activities:

	Three Months Ended			
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**Dollar Value Change**	**Percentage Change**
Professional	$ 211.8	$ 198.5	$ 13.3	6.7 %
Residential	12.4	3.7	8.7	235.1
Other	(103.5)	(129.3)	25.8	20.0
Total segment profit/(loss)[1]	$ 120.7	$ 72.9	$ 47.8	65.6 %

	Nine Months Ended			
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**	**Dollar Value Change**	**Percentage Change**
Professional	$ 573.8	$ 527.8	$ 46.0	8.7 %
Residential	55.9	37.0	18.9	51.1
Other	(209.7)	(226.3)	16.6	7.3
Total segment profit/(loss)[1]	$ 420.0	$ 338.5	$ 81.5	24.1 %

[1] Presentation of segment profit/(loss) for the third quarter of fiscal 2025 has been conformed to the current year presentation.

Professional Segment

Segment Net Sales

Worldwide net sales for our Professional segment for the third quarter of fiscal 2026 increased 8.8 percent compared to the third quarter of fiscal 2025. This increase was driven primarily by higher volume, net price realization, and the Tornado acquisition. Worldwide net sales for our Professional segment for the year-to-date period of fiscal 2026 increased 8.5 percent compared to the same period of fiscal 2025. This increase was driven primarily by net price realization, the Tornado acquisition and higher volume of underground construction equipment, snow and ice management products, and stand-on mowers.

(Dollars in millions)	July 31, 2026	Three Months Ended Fiscal 2026 vs. 2025 Percentage Change	August 1, 2025
Net sales (in millions)	$ 1,012.6	9 %	$ 930.8
Contributions from volume growth		3 %	
Net price realization and mix		3 %	
Foreign currency exchange		— %	
Acquisitions/ Divestitures		3 %	

(Dollars in millions)	July 31, 2026	Nine Months Ended Fiscal 2026 vs. 2025 Percentage Change	August 1, 2025
Net sales (in millions)	$ 2,943.2	8 %	$ 2,713.7
Contributions from volume growth		2 %	
Net price realization and mix		3 %	
Foreign currency exchange		— %	
Acquisitions/ Divestitures		2 %	

Segment Profit/(Loss)

Professional segment profit for the third quarter of fiscal 2026 increased 6.7 percent compared to the third quarter of fiscal 2025, and Professional segment profit margin decreased to 20.9 percent from 21.3 percent in the third quarter of fiscal 2025. The decrease in Professional segment profit margin was primarily due to higher material and manufacturing costs and product mix, partially offset by net price realization, productivity improvements, and net sales leverage. Professional segment profit for the year-to-date period of fiscal 2026 increased 8.7 percent compared to the same period of fiscal 2025, and Professional segment margin increased to 19.5 percent from 19.4 percent for the year-to-date period of fiscal 2025. The increase in Professional segment profit margin was primarily due to net price realization, productivity improvements, and net sales leverage, partially offset by higher material and manufacturing costs and product mix.

Residential Segment

Segment Net Sales

Worldwide net sales for our Residential segment for the third quarter of fiscal 2026 increased 8.6 percent compared to the third quarter of fiscal 2025. The increase in Residential segment net sales was primarily driven by higher volume of walk power mowers and net price realization. Worldwide net sales for our Residential segment for the year-to-date period of fiscal 2026 increased 2.0 percent compared to the same period of fiscal 2025. The increase in Residential segment net sales was primarily driven by net price realization and higher snow product volume, partially offset by lower lawn-care product volume.

(Dollars in millions)	July 31, 2026	Three Months Ended Fiscal 2026 vs. 2025 Percentage Change	August 1, 2025
Net sales (in millions)	$ 209.3	9 %	$ 192.8
Contributions from volume growth		7 %	
Net price realization and mix		2 %	
Foreign currency exchange		— %	
Acquisitions/ Divestitures		— %	

(Dollars in millions)	July 31, 2026	Nine Months Ended Fiscal 2026 vs. 2025 Percentage Change	August 1, 2025
Net sales (in millions)	$725.7	2 %	$711.2
Contributions from volume growth		(1)%	
Net price realization and mix		3 %	
Foreign currency exchange		— %	
Acquisitions/ Divestitures		— %	

Segment Profit/(Loss)

Residential segment profit for the third quarter of fiscal 2026 increased 235.1 percent compared to the third quarter of fiscal 2025, and Residential segment profit margin increased to 5.9 percent from 1.9 percent in the third quarter of fiscal 2025. The increase in Residential segment profit margin for the third quarter of fiscal 2026 was largely driven by productivity improvements, net price realization, net sales leverage, and prior year inventory valuation adjustments that did not recur, partially offset by higher material and manufacturing costs. Residential segment profit for the year-to-date period of fiscal 2026 increased 51.1 percent compared to the same period of fiscal 2025, and Residential segment profit margin increased to 7.7 percent from 5.2 percent in the year-to-date period of fiscal 2025. The increase in Residential segment profit margin for the year-to-date period of fiscal 2026 was largely driven by net price realization, productivity improvements, cost savings measures, and product mix, partially offset by higher material and manufacturing costs.

Other Activities

Other Net Sales

Net sales for our Other activities includes sales from our wholly-owned domestic distribution company net of intersegment sales from the Professional and Residential segments to the distribution company. Net sales for our Other activities in the third quarter of fiscal 2026 decreased by $3.8 million compared to the third quarter of fiscal 2025. Net sales for our Other activities in the year-to-date period of fiscal 2026 decreased by $1.4 million compared to the same period in fiscal 2025.

Other Profit (Loss)

The operating loss for our Other activities for the third quarter of fiscal 2026 decreased $25.8 million compared to the third quarter of fiscal 2025, primarily due to the prior year non-cash impairment charge, partially offset by higher productivity initiative charges and higher corporate expenses in the current year. The operating loss of our Other Activities for the year-to-date period of fiscal 2026 decreased $16.6 million compared to same period in fiscal 2025, primarily due to the non-cash impairment charge in the prior year, partially offset by higher productivity initiative charges and higher corporate and incentive expenses.

FINANCIAL POSITION

Working Capital

Our ongoing goal is to maintain requisite inventory levels to meet our anticipated production requirements, avoid manufacturing delays, and meet the demand for our products, as well as working to ensure service parts availability for our customers. Accounts receivable as of the end of the third quarter of fiscal 2026 increased $23.4 million, or 5.0 percent, compared to the end of the third quarter of fiscal 2025, primarily driven by the Tornado acquisition. Inventory levels were down $153.5 million, or 14.8 percent, as of the third quarter of fiscal 2026 compared to the third quarter of fiscal 2025, primarily driven by lower finished goods balances, primarily related to strong mowing season demand by both homeowners and contractors. Accounts payable increased $78.6 million, or 20.4 percent, as of the end of the third quarter of fiscal 2026 compared to the end of the third quarter of fiscal 2025, primarily due to higher purchases.

Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities for the first nine months of fiscal 2026 was $476.2 million compared to $348.9 million for the first nine months of fiscal 2025. This change was primarily due to net favorable fluctuations in working capital.

Cash Flows from Investing Activities

Net cash used in investing activities for the first nine months of fiscal 2026 was $248.2 million compared to $50.7 million for the first nine months of fiscal 2025. This change was primarily due to the Tornado acquisition in the current year period.

Cash Flows from Financing Activities

Net cash used in financing activities for the first nine months of fiscal 2026 was $396.5 million compared to $298.1 million for the first nine months of fiscal 2025, primarily due to net lower debt borrowings and higher common stock repurchases, partially offset by higher proceeds from the exercise of stock options.

Liquidity and Capital Resources

As of July 31, 2026, we had available liquidity of $1,033.2 million, consisting of cash and cash equivalents of $175.3 million, of which $141.3 million was held by our foreign subsidiaries, and availability under our revolving credit facility of $857.9 million. We believe our current liquidity position, including the funds available through existing, and potential future, financing arrangements and forecasted cash flows from operations will be sufficient to provide the necessary capital resources for our anticipated working capital needs, payroll, and other administrative costs, capital expenditures, lease payments, purchase commitments, contractual obligations, acquisitions, investments, establishment of new facilities, expansion and renovation of existing facilities, financing receivables from customers that are not financed with Red Iron or other third-party financial institutions, contingent consideration payments, debt repayments, interest payments, quarterly cash dividend payments, and common stock repurchases, all as applicable, for at least the next twelve months.

Indebtedness

Our debt arrangements are described in further detail in our Annual Report on Form 10-K for the fiscal year ended October 31, 2025. The following is a summary of our indebtedness:

(Dollars in millions)	July 31, 2026	August 1, 2025	October 31, 2025
Revolving credit facility, due October 2029	$ 40.0	$ 115.0	$ —
Term loan, due October 2029	200.0	200.0	200.0
Term loan, due April 2027	—	195.0	—
3.81% series A senior notes, due June 2029	100.0	100.0	100.0
3.91% series B senior notes, due June 2031	100.0	100.0	100.0
3.97% senior notes, due June 2032	100.0	100.0	100.0
5.27% senior notes, due September 2032	200.0	—	200.0
7.8% debentures, due June 2027	100.0	100.0	100.0
6.625% senior notes, due May 2037	124.3	124.3	124.3
Less: unamortized debt issuance costs	2.3	2.1	2.8
Total debt	962.0	1,032.2	921.5
Less: current maturities and short-term borrowings	—	20.0	—
Long-term debt, less current portion	$ 962.0	$ 1,012.2	$ 921.5

From time to time, we may seek to refinance existing debt and incur additional indebtedness depending on our capital requirements and the availability and cost of financing.

As of July 31, 2026, we had $40.0 million outstanding borrowings under our revolving credit facility and $2.1 million outstanding under the sublimit for standby letters of credit, which resulted in $857.9 million of unutilized availability under our revolving credit facility's $900 million borrowing capacity.

We are in compliance with our debt covenants and other requirements of our revolving credit facility and term loan credit agreements, indentures, and private placement note purchase agreements.

Cash Dividends

Our Board of Directors approved a cash dividend of $0.39 per share for the third quarter of fiscal 2026 that was paid on July 10, 2026. This was an increase of 2.6 percent over our cash dividend of $0.38 per share for the third quarter of fiscal 2025. We expect to continue paying our quarterly cash dividend to stockholders for the remainder of fiscal 2026.

Common Stock Repurchases

During the first nine months of fiscal 2026, we repurchased 3,915,301 shares of our common stock under our stock repurchase program, thereby reducing our total shares of common stock outstanding. As of July 31, 2026, 6,476,489 shares of common stock remained available for repurchase under our stock repurchase program. We expect to continue to repurchase shares of our common stock throughout the remainder of fiscal 2026, depending on our cash balance, debt repayments, market conditions, our anticipated working capital needs, the price of our common stock, investment priorities, and/or other factors.

Customer Financing Arrangements

Our customer financing arrangements are described in further detail in our Annual Report on Form 10-K for the fiscal year ended October 31, 2025. There have been no material changes to our customer financing arrangements during the first nine months of fiscal 2026.

Inventory Financing

We are party to inventory financing arrangements with Red Iron, HCFC, and other third-party financial institutions which provide inventory financing to certain dealers and distributors of certain of our products in the U.S. and internationally.

The net amount of receivables financed for dealers and distributors under the arrangement with Red Iron for the nine month periods ended July 31, 2026 and August 1, 2025 were $2,107.6 million and $2,019.9 million, respectively. The total amount of net receivables outstanding under the arrangement with Red Iron as of July 31, 2026, August 1, 2025 and October 31, 2025 were $790.0 million, $821.1 million and $807.6 million, respectively. The total amount of receivables due from Red Iron to us as of July 31, 2026, August 1, 2025 and October 31, 2025 were $20.5 million, $33.5 million and $21.6 million, respectively.

The net amount of receivables financed for dealers and distributors under the arrangements with HCFC and the other third-party financial institutions for the nine month periods ended July 31, 2026 and August 1, 2025 were $535.2 million and $505.7 million, respectively. The total amount of net receivables outstanding under the arrangements with HCFC and the other third-party financial institutions as of July 31, 2026, August 1, 2025, and October 31, 2025 were $296.0 million, $272.1 million, and $308.3 million, respectively.

Inventory Repurchase Agreements

We have entered into a limited inventory repurchase agreement with Red Iron and HCFC under which we have agreed to repurchase certain repossessed products, up to a maximum aggregate amount of $7.5 million in a calendar year.

Additionally, as a result of our financing agreements with the other third-party financial institutions, we have also entered into inventory repurchase agreements with the other third-party financial institutions. Under such inventory repurchase agreements, we have agreed to repurchase products repossessed by the other third-party financial institutions. As of July 31, 2026, August 1, 2025, and October 31, 2025, we were contingently liable to repurchase up to a maximum amount of $31.9 million, $30.7 million, and $29.0 million, respectively, of inventory related to receivables under these inventory repurchase agreements.

Our financial exposure under these inventory repurchase agreements is limited to the difference between the amount paid to Red Iron, HCFC or other third-party financing institutions for repurchases of inventory and the amount received upon subsequent resale of the repossessed product. We have repurchased immaterial amounts of inventory pursuant to such arrangements for the nine months ended July 31, 2026 and August 1, 2025. However, a decline in retail sales or financial difficulties of our distributors or dealers could cause this situation to change and thereby require us to repurchase financed product, which could have an adverse effect on our results of operations, financial position, or cash flows.

NON-GAAP FINANCIAL MEASURES

We have provided in this Quarterly Report on Form 10-Q certain non-GAAP financial measures, which are not calculated or presented in accordance with U.S. GAAP, as information supplemental and in addition to the most directly comparable financial measures that are calculated and presented in accordance with U.S. GAAP. We use these non-GAAP financial measures in making operating decisions and assessing liquidity because we believe they provide meaningful supplemental information regarding our core operational performance and cash flows, as a measure of our liquidity, and provide us with a better understanding of how to allocate resources to both ongoing and prospective business initiatives. Additionally, these non-GAAP financial measures facilitate our internal comparisons to both our historical operating results and to our competitors' operating results by factoring out potential differences caused by charges and benefits not related to our regular, ongoing business, including, without limitation, certain non-cash, large, and/or unpredictable charges and benefits; acquisitions and dispositions; legal judgments, settlements, or other matters; and tax positions. We believe that these non-GAAP financial measures, when considered in conjunction with our Condensed Consolidated Financial Statements prepared in accordance with U.S. GAAP, provide investors with useful supplemental financial information to better understand our core operational performance and cash flows. These non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the most directly comparable U.S. GAAP financial measures. The non-GAAP financial measures may differ from similar measures used by other companies.

Reconciliation of Non-GAAP Financial Measures

The following table provides a reconciliation of the non-GAAP financial performance measures used in this report to the most directly comparable measures calculated and reported in accordance with U.S. GAAP for the three and nine month periods ended July 31, 2026 and August 1, 2025:

	Three Months Ended		Nine Months Ended	
(Dollars in millions, except per share data)	**July 31, 2026**	**August 1, 2025**	**July 31, 2026**	**August 1, 2025**
Gross profit	$ 418.1	$ 381.8	$ 1,237.3	$ 1,154.1
Acquisition-related costs[1]	(1.0)	—	3.1	—
Productivity initiative[2]	12.5	7.2	27.9	14.7
Adjusted gross profit	$ 429.6	$ 389.0	$ 1,268.3	$ 1,168.8
Gross margin	34.1 %	33.7 %	33.6 %	33.5 %
Acquisition-related costs[1]	(0.2)%	— %	0.1 %	— %
Productivity initiative[2]	1.1 %	0.7 %	0.8 %	0.4 %
Adjusted gross margin	35.0 %	34.4 %	34.4 %	33.9 %
Operating earnings	$ 115.2	$ 64.8	$ 397.3	$ 317.4
Acquisition-related costs[1]	(0.7)	—	5.0	—
Productivity initiative[2]	56.2	8.1	75.9	29.9
Non-cash impairment charge[3]	—	81.1	—	81.1
Adjusted operating earnings	$ 170.7	$ 154.0	$ 478.2	$ 428.4
Operating earnings margin	9.4 %	5.7 %	10.8 %	9.2 %
Acquisition-related costs[1]	(0.1)%	— %	0.1 %	— %
Productivity initiative[2]	4.6 %	0.7 %	2.1 %	0.9 %
Non-cash impairment charge[3]	— %	7.2 %	— %	2.3 %
Adjusted operating earnings margin	13.9 %	13.6 %	13.0 %	12.4 %
Earnings before income taxes	$ 106.9	$ 57.8	$ 377.2	$ 292.6
Acquisition-related costs[1]	(0.7)	—	5.0	—
Productivity initiative[2]	57.1	9.2	72.0	31.4
Non-cash impairment charge[3]	—	81.1	—	81.1
Adjusted earnings before income taxes	$ 163.3	$ 148.1	$ 454.2	$ 405.1
Income tax provision	$ 29.9	$ 4.3	$ 86.9	$ 49.5
Acquisition-related costs[1]	—	—	1.2	—
Productivity initiative[2]	6.6	1.5	9.8	5.7
Non-cash impairment charge[3]	—	19.7	—	19.7
Tax impact of stock-based compensation[4]	—	0.1	1.5	—
Adjusted income tax provision	$ 36.5	$ 25.6	$ 99.4	$ 74.9
Net earnings	$ 77.0	$ 53.5	$ 290.3	$ 243.1
Acquisition-related costs, net of tax[1]	(0.7)	—	3.8	—
Productivity initiative, net of tax[2]	50.5	7.7	62.2	25.7
Non-cash impairment charge, net of tax[3]	—	61.4	—	61.4
Tax impact of stock-based compensation[4]	—	(0.1)	(1.5)	—
Adjusted net earnings	$ 126.8	$ 122.5	$ 354.8	$ 330.2
Net earnings per diluted share	$ 0.81	$ 0.54	$ 2.99	$ 2.42
Acquisition-related costs, net of tax[1]	(0.01)	—	0.04	—
Productivity initiative, net of tax[2]	0.53	0.08	0.65	0.26
Non-cash impairment charge, net of tax[3]	—	0.62	—	0.61
Tax impact of stock-based compensation[4]	—	—	(0.02)	—
Adjusted net earnings per diluted share	$ 1.33	$ 1.24	$ 3.66	$ 3.29
Effective tax rate	28.0 %	7.4 %	23.0 %	16.9 %
Productivity initiative[2]	(5.7)%	— %	(1.5)%	— %
Non-cash impairment charge[3]	— %	9.7 %	— %	1.6 %
Tax impact of stock-based compensation[4]	0.1 %	0.2 %	0.4 %	— %
Adjusted effective tax rate	22.4 %	17.3 %	21.9 %	18.5 %

[1] On December 8, 2025, we completed the acquisition of Tornado Infrastructure Equipment. For additional information regarding this acquisition, refer to Note 2, *Acquisition*, within the Notes to Condensed Consolidated Financial Statements included within Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q. Acquisition-related costs for the three and nine month periods ended July 31, 2026 represent integration costs and amortization of the backlog intangible asset and inventory step-up resulting from purchase accounting adjustments.

[2] In the first quarter of fiscal 2024, we launched a significant productivity initiative named AMP, as discussed in more detail under the heading "Company Overview-AMP Initiative" in this section. We considered the nature, frequency, and scale of this initiative compared to our prior productivity initiatives when determining that the expenses associated with AMP, unlike our prior productivity initiatives, are not common, normal, recurring operating expenses and are not representative of our ongoing business operations. Productivity initiative charges for the three and nine month periods ended July 31, 2026 and August 1, 2025 primarily represent facility exit-related costs and gains, product-line exit costs, severance and termination benefits, compensation for fully-dedicated AMP personnel, and third-party consulting costs.

[3] At the end of the third quarter of fiscal 2026, we recorded non-cash impairment charges within Other activities related to manufacturing facility and product line exits as discussed in more detail under the heading "Company Overview-Manufacturing Facility and Product Line Exits" in this section. At the end of the third quarter of fiscal 2025, we recorded a non-cash impairment charge within Other activities related to the Spartan trade name.

[4] The accounting standards codification guidance governing employee stock-based compensation requires that any excess or deficient tax deduction for stock-based compensation be immediately recorded within income tax expense. Employee stock-based compensation activity, including the exercise of stock options, can be unpredictable and can significantly impact our net earnings, net earnings per diluted share, and effective tax rate. These amounts represent the discrete tax benefits recorded as excess tax deductions for stock-based compensation during the three and nine month periods ended July 31, 2026 and August 1, 2025.

Reconciliation of Non-GAAP Liquidity Measures

We define free cash flow as net cash provided by operating activities less purchases of property, plant, and equipment. Free cash flow conversion percentage represents free cash flow as a percentage of net earnings. We consider free cash flow and free cash flow conversion percentage to be non-GAAP liquidity measures that provide useful information to management and investors about our ability to convert net earnings into cash resources that can be used to pursue opportunities to enhance stockholder value, fund ongoing and prospective business initiatives, and strengthen our Condensed Consolidated Balance Sheets, after reinvesting in necessary capital expenditures required to maintain and grow our business. The following table provides a reconciliation of non-GAAP free cash flow and free cash flow conversion percentage to net cash provided by operating activities, which is the most directly comparable financial measure calculated and reported in accordance with U.S. GAAP, for the nine month periods ended July 31, 2026 and August 1, 2025:

	Nine Months Ended	
(Dollars in millions)	**July 31, 2026**	**August 1, 2025**
Net cash provided by operating activities	$ 476.2	$ 348.9
Less: Purchases of property, plant, and equipment	51.1	57.0
Free cash flow	425.1	291.9
Net earnings, excluding the non-cash impairment charges of $43.1 million and $81.1 million, respectively	$ 333.4	$ 324.2
Free cash flow conversion percentage	127.5 %	90.0 %

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to our critical accounting policies and estimates since our Annual Report on Form 10-K for the fiscal year ended October 31, 2025. Refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", and Part II, Item 8, Note 1, *Summary of Significant Accounting Policies and Related Data*, within our Annual Report on Form 10-K for the fiscal year ended October 31, 2025 for a discussion of our critical accounting policies and estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk stemming from changes in foreign currency exchange rates, interest rates, and commodity costs. We are also exposed to equity market risk pertaining to the trading price of our common stock. Changes in these factors could cause fluctuations in our earnings and cash flows. There have been no material changes to the market risk information regarding equity market risk included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2025. Refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk", within our Annual Report on Form 10-K for the fiscal year ended October 31, 2025 for a complete discussion of our market risk. Refer below for further discussion on foreign currency exchange rate risk, interest rate risk, and commodity cost risk.

Foreign Currency Exchange Rate Risk

We are exposed to foreign currency exchange rate risk arising from transactions in the normal course of business, such as sales to third-party customers, sales and loans to wholly-owned foreign subsidiaries, costs associated with foreign plant operations, and purchases from suppliers. Our primary foreign currency exchange rate exposures are with the Euro, the Australian dollar, the Canadian dollar, the British pound, the Mexican peso, the Japanese yen, the Chinese renminbi, and the Romanian new leu against the U.S. dollar, as well as the Romanian new leu against the Euro. Because our products are manufactured or sourced primarily from the U.S. and Mexico, a stronger U.S. dollar and Mexican peso generally have a negative impact on our results from operations, while a weaker U.S. dollar and Mexican peso generally have a positive effect.

To reduce our exposure to foreign currency exchange rate risk, we enter into various derivative instruments to hedge against such risk, authorized under a company policy that places controls on these hedging activities, with counterparties that are highly rated financial institutions. Decisions on whether to use such derivative instruments are primarily based on the amount of exposure to the currency involved and an assessment of the near-term market value for each currency. Our worldwide foreign currency exchange rate exposures are reviewed monthly. The gains and losses on our derivative instruments offset the changes in values of the related underlying exposures. Therefore, changes in the values of our derivative instruments are highly correlated with changes in the market values of underlying hedged items both at inception and over the life of the derivative instrument. For additional information regarding our derivative instruments, refer to Note 16, *Derivative Instruments and Hedging Activities*, in our Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

The foreign currency exchange contracts in the table below have maturity dates in fiscal 2026 through fiscal 2029. All items are non-trading and stated in U.S. dollars. As of July 31, 2026, the average contracted rate, notional amount, fair value, and the gain (loss) at fair value of outstanding derivative instruments were as follows:

(Dollars in millions, except average contracted rate)	Average Contracted Rate	Notional Amount	Fair Value	Gain (Loss) at Fair Value
Buy U.S. dollar/Sell Australian dollar	0.6649	$ 88.3	$ 84.6	$ (3.7)
Buy U.S. dollar/Sell Canadian dollar	1.3656	50.5	51.2	0.7
Buy U.S. dollar/Sell Euro	1.1709	197.4	198.7	1.3
Buy U.S. dollar/Sell British pound	1.3230	64.5	63.9	(0.6)
Buy Mexican peso/Sell U.S. dollar	19.9066	$ 59.0	$ 65.6	$ 6.6

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

Interest Rate Risk

Our interest rate risk relates primarily to fluctuations in variable interest rates on our revolving credit facility and term loan credit agreements, as well as the potential increase in the fair value of our fixed-rate long-term debt resulting from a potential decrease in interest rates. We generally do not use interest rate swaps to mitigate the impact of fluctuations in interest rates. We have no earnings or cash flow exposure due to interest rate risks on our fixed-rate long-term debt obligations. Our indebtedness as of July 31, 2026 includes $724.3 million of gross fixed-rate long-term debt that is not subject to variable interest rate fluctuations, $200.0 million of gross variable rate debt under our term loan credit agreements, and $40.0 million outstanding under our variable rate revolving credit facility.

Commodity Cost Risk

Most of the commodities, components, parts, and accessories used in our manufacturing process and end-products, or to be sold as standalone end-products, are exposed to commodity cost changes. These changes may be affected by several factors, including, for example, supply; demand; inflation; deflation; changing prices; foreign currency fluctuations; tariffs; duties; trade regulatory actions; industry actions; the current conflict in the Middle East region; and changes to international trade policies, agreements, and/or regulation and competitor activity, including antidumping and countervailing duties on certain products imported from foreign countries, such as certain engines imported into the U.S. from China.

Our primary cost exposures for commodities, components, parts, and accessories used in our products are with steel, aluminum, petroleum, and natural gas-based resins, linerboard, copper, lead, rubber, engines, transmissions, transaxles, hydraulics, electrification components, and others. Our largest spend categories for commodities, components, parts, and accessories are generally steel, engines, hydraulic components, transmissions, resin, aluminum, and electrification components, all of which we purchase from several suppliers around the world. We generally purchase commodities, components, parts, and accessories based upon market prices that are established with suppliers as part of the purchase process and generally attempt to obtain firm pricing from most of our suppliers for volumes consistent with planned production and estimates of wholesale and retail demand for our products.

In any given period, we strategically attempt to mitigate potential unfavorable impact as a result of changes to the cost of commodities, components, parts, and accessories that affect our product lines through our productivity initiatives; however, our productivity initiatives may not be as effective as anticipated depending on macroeconomic cost trends for commodities, components, parts, and accessories costs and/or other factors. Our productivity initiatives include, but are not limited to, collaborating with suppliers, reviewing alternative sourcing options, substituting materials, SKU rationalization, utilizing Lean methods, engaging in internal cost reduction efforts, and utilizing tariff exclusions and duty drawback mechanisms, all as appropriate. When appropriate, we may also increase prices on some of our products to offset changes in the cost of commodities, components, parts, and accessories. To the extent that commodity and component costs increase and we do not have firm pricing from our suppliers, or our suppliers are not able to honor such prices, and/or our productivity initiatives and/or product price increases are less effective than anticipated and/or do not fully offset cost increases, we may experience a decline in our gross margins.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) that are designed to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and we are required to apply our judgment in evaluating the cost-benefit relationship of possible internal controls.

Our management evaluated, with the participation of our Chairman of the Board and Chief Executive Officer and our Vice President and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chairman of the Board and Chief Executive Officer and our Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of such period to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including the Chairman of the Board and Chief Executive Officer and Vice President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the three month period ended July 31, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are a party to litigation in the ordinary course of business, including claims for punitive, as well as compensatory, damages arising out of the use of our products; litigation and administrative and judicial proceedings with respect to claims involving asbestos and the discharge of hazardous substances into the environment; and commercial disputes, employment and employment-related disputes, and patent litigation cases. For a description of our material legal proceedings, refer to Note 14, *Commitments and Contingencies*, in our Notes to Condensed Consolidated Financial Statements under the heading "Litigation" included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated into this Part II, Item 1 by reference.

ITEM 1A. RISK FACTORS

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

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

Periodically, the company's Board of Directors authorizes the repurchase of shares of the company's common stock in open-market or privately negotiated transactions under the company's stock repurchase program. The stock repurchase program has no expiration date but may be terminated by the company's Board of Directors at any time. Shares of the company's common stock surrendered by employees to satisfy minimum tax withholding obligations upon vesting of certain stock-based compensation awards are not a part of the stock repurchase program. The following table sets forth information with respect to shares of the company's common stock repurchased by the company during each of the three fiscal months in the company's third quarter ended July 31, 2026:

Period	**Total Number of Shares (or Units) Repurchased[1,2,3]**	**Average Price Paid per Share (or Unit)**	**Total Number of Shares (or Units) Repurchased As Part of Publicly Announced Plans or Programs[1,2]**	**Maximum Number of Shares (or Units) that May Yet Be Repurchased Under the Plans or Programs[1,2]**
May 2, 2026 through May 29, 2026	158,156	$ 94.21	158,156	7,108,380
May 30, 2026 through July 3, 2026	546,486	91.49	546,486	6,561,894
July 4, 2026 through July 31, 2026	86,584	93.59	85,405	6,476,489
Total	791,226	$ 92.27	790,047	

[1] On December 10, 2024, the company's Board of Directors authorized the repurchase of up to an additional 4,000,000 shares of common stock under the stock repurchase program. The company repurchased 790,047 shares under this tranche of the stock repurchase program during the period indicated above and as a result, 476,489 shares remained available to repurchase as of July 31, 2026.

[2] On December 9, 2025, the company's Board of Directors authorized the repurchase of up to an additional 6,000,000 shares of common stock under the stock repurchase program. No shares of common stock were repurchased under this tranche of the stock repurchase program during the time period indicated above.

[3] Includes 1,179 shares of the company's common stock repurchased in open-market transactions at an average price of $94.08 per share on behalf of a rabbi trust formed to pay benefit obligations of the company to participants in the company's deferred compensation plans. These 1,179 shares were not repurchased under the stock repurchase program.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Plan and Non-Rule 10b5-1 Trading Arrangement Adoptions, Terminations, and Modifications

During the company's third quarter ended July 31, 2026, none of its directors or "officers" (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of SEC Regulation S-K.

ITEM 6. EXHIBITS

(a)	Exhibit No.	Description
	2.1(1)	Amended and Restated Agreement To Form Joint Venture, dated June 4, 2026, between The Toro Company, and Huntington Distribution Finance, Inc. (filed herewith).
	2.2(1)	Amended and Restated Limited Liability Company Agreement of Red Iron Acceptance, LLC, dated as of June 4, 2026, between Red Iron Holding Corporation and Huntington Joint Venture I, LLC (filed herewith).
	2.3(1)	Amended and Restated Credit and Security Agreement, dated as June 4, 2026, between Red Iron Acceptance, LLC and Huntington Distribution Finance, Inc. (filed herewith).
	3.1 and 4.1	Certificate of Amendment to Restated Certificate of Incorporation of The Toro Company (incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K as filed with the Securities and Exchange Commission on March 20, 2026, Commission File No. 1-8649).
	3.2 and 4.2	Restated Certificate of Incorporation of The Toro Company (incorporated by reference to Exhibit 3.2 to Registrant's Current Report on Form 8-K as filed with the Securities and Exchange Commission on March 20, 2026, Commission File No. 1-8649).
	3.3 and 4.3	Amended and Restated Bylaws of The Toro Company (incorporated by reference to Exhibit 3.3 to Registrant's Current Report on Form 8-K as filed with the Securities and Exchange Commission on March 20, 2026, Commission File No. 1-8649).
	31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002) (filed herewith).
	31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002) (filed herewith).
	32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
	101	The following financial information from The Toro Company's Quarterly Report on Form 10-Q for the quarterly period ended July 31, 2026, filed with the SEC on September 3, 2026, formatted in Inline eXtensible Business Reporting Language (Inline XBRL): (i) Condensed Consolidated Statements of Earnings for the three and nine month periods ended July 31, 2026 and August 1, 2025, (ii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine month periods ended July 31, 2026 and August 1, 2025, (iii) Condensed Consolidated Balance Sheets as of July 31, 2026, August 1, 2025, and October 31, 2025, (iv) Condensed Consolidated Statement of Cash Flows for the nine month periods ended July 31, 2026 and August 1, 2025, (v) Condensed Consolidated Statements of Stockholders' Equity for the three and nine month periods ended July 31, 2026 and August 1, 2025, and (vi) Notes to Condensed Consolidated Financial Statements (filed herewith).
	104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

(1) Confidential portions of this exhibit have been redacted in compliance with Item 601(b)(10) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE TORO COMPANY
(Registrant)

Date: September 3, 2026	By:	/s/ Angela C. Drake
		Angela C. Drake Vice President and Chief Financial Officer (duly authorized officer, principal financial officer, and principal accounting officer)

Exhibit 31.1

Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Richard M. Olson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Toro Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 3, 2026

/s/ Richard M. Olson
Richard M. Olson
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Angela C. Drake, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Toro Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 3, 2026

/s/ Angela C. Drake

Angela C. Drake
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32

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

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended July 31, 2026 of The Toro Company (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Richard M. Olson, Chairman of the Board and Chief Executive Officer of the Company, and Angela C. Drake, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard M. Olson
Richard M. Olson
Chairman of the Board and Chief Executive Officer
Date: September 3, 2026

/s/ Angela C. Drake
Angela C. Drake
Vice President and Chief Financial Officer
Date: September 3, 2026

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

[PORTIONS HEREIN IDENTIFIED BY [***] HAVE BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE THE EXCLUDED INFORMATION IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED.]

AMENDED AND RESTATED AGREEMENT TO FORM JOINT VENTURE

This Amended and Restated Agreement To Form Joint Venture (this "Agreement") is made and entered into as of the 4th day of June, 2026, between The Toro Company, a Delaware corporation ("Toro"), and Huntington Distribution Finance, Inc., a Minnesota corporation (f/k/a TCF Inventory Finance, Inc., "HDF," and, collectively with, Toro, the "Parties" and each individually, a "Party").

WHEREAS, Toro and HDF are parties to that certain Agreement to Form Joint Venture, dated as of August 12, 2009, as amended by the First Amendment to Agreement to Form Joint Venture dated as of June 6, 2012, the Second Amendment to Agreement to Form Joint Venture dated November 29, 2016, the Third Amendment to Agreement to Form Joint Venture dated December 20, 2019, the Fourth Amendment to Agreement to Form Joint Venture effective March 2, 2020, and Fifth Amendment to Agreement to Form Joint Venture dated June 10, 2022 (as amended, the "Existing JV Agreement"); and

WHEREAS, the Parties desire to amend and restate the Existing JV Agreement on the terms set forth herein. Accordingly, in consideration of the mutual covenants contained herein, the Parties agree as follows:

ARTICLE I
Definitions

1.1 Definitions.

"AAA" is defined in Section 6.3.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For purposes of this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Agreement" is defined in the preamble.

"Arbitrable Disputes" is defined in Section 6.1.

"Confidential Information" is defined in Article IV.

"Credit Agreement" means certain Amended and Restated Credit and Security Agreement between Red Iron and HDF dated as of the date of this Agreement.

"Definitive Agreements" means the agreements entered into in relation to the joint venture, including, but not limited to this Agreement, the Credit Agreement, the LLC Agreement, any services or trademark agreements entered into by Red Iron (including the HDF Services Agreement and Toro Services Agreement), the Receivable Purchase Agreement, and the Performance Assurance Agreement.

"Eligible Receivables" has the meaning ascribed to it in the Receivable Purchase Agreement.

"Exmark" means Exmark Manufacturing Company Incorporated, a Nebraska corporation, a wholly owned subsidiary of Toro.

"HDF Services Agreement" means that certain Amended and Restated Services Agreement by and between Red Iron and HDF dated as of the date of this Agreement.

"HDF Sub" means Huntington Joint Venture I, LLC, a Minnesota limited liability company (f/k/a TCFIF Joint Venture I, LLC).

"HNB" means The Huntington National Bank.

"Indemnified Parties" is defined in Article V.

"Lawn and Garden Products" means any one or more of the following: walk power mowers, lawn and garden tractors, zero-turn mowers, mid-size walk-behind and stand-on mowers, large reel and riding rotary mowers, riding and walk-behind mowers for putting greens, snow blowers, debris blowers, trimmers, tillers, sweepers and vacuums, aerators, walk-behind trenchers[4], turf cultivation equipment, turf sprayer equipment, compact utility loaders[4], golf course bunker maintenance equipment, irrigation systems, utility vehicles for golf courses, lighting products, snow and ice management products, snow blades, ballpark maintenance equipment, stump grinders, golf carts, neighborhood electric vehicles and utility terrain vehicles and parts and accessories for any of the foregoing. For the avoidance of doubt, products manufactured, distributed or sold by Charles Machine Works or any of its subsidiaries are not included in the Lawn and Garden Products definition.

"LLC Agreement" means that certain Amended and Restated Limited Liability Company Agreement of Red Iron, by and between Toro Sub and HDF Sub.

"Management Committee" shall mean the management committee of Red Iron.

"Officers" means the President of Toro and the person to whom the President of HDF directly reports, provided, however, that neither such individual is nor ever has been a member of the Management Committee. If either such individual is or has been a member of the Management Committee, then the "Officer" for the applicable Party shall be a senior executive officer of such Party who is not and has not ever been a member of the Management Committee, who is reasonably acceptable to the other Party.

"Party" and "Parties" is defined in the preamble.

"Performance Assurance Agreement" means certain Amended and Restated Performance Assurance Agreement made by HNB for the benefit of Toro and Toro Sub dated as of the date of this Agreement.

"Person" means and includes an individual, a partnership, a corporation (including a business trust), a limited liability company, a joint stock company, an unincorporated association, a joint venture, a trust, a governmental authority or other entity.

"Receivable Purchase Agreement" means, collectively, the Receivable Purchase Agreements among Toro Credit Company, Toro, Toro International Company, a Minnesota corporation, and Red Iron dated October 1, 2009, October 9, 2009, and December 1, 2009, or any of them individually.

"Red Iron" means Red Iron Acceptance, LLC, a Delaware limited liability company.

"Request Notice" is defined in Section 6.1.

"Toro" is defined in the preamble.

"Toro Amount" is defined in Section 2.5.

"Toro Products" means Lawn and Garden Products manufactured and/or distributed by Toro and Toro's Affiliates.

"Toro Services Agreement" means that certain Amended and Restated Services Agreement by and between Red Iron and Toro dated as of the date of this Agreement.

"Toro Sub" is defined in the preamble.

ARTICLE II
Organizational Matters

2.1 Referral of Financing Business. Toro shall use, and shall cause its Affiliates to use, commercially reasonable efforts to recommend to all dealers and distributors of Toro Products within the United States and all distributors of Toro Products within Canada to utilize Red Iron to finance the acquisition of inventory of Toro Products acquired during the term of Red Iron, including all the floorplan financing and open account financing of all such Toro Products in accordance with Red Iron's credit policies in effect from time to time. Without limiting the generality of the foregoing, and except as set forth in Section 2.3(d), during the term of Red Iron, Toro shall not, and Toro shall not permit any of its Affiliates to, recommend to any dealer or distributor of Toro Products within the United States or within Canada that such dealer or distributor obtain floorplan financing or open account financing for such Toro Products from any source other than Red Iron or, in the case of Canadian dealers, from HDF or its Affiliates. HDF acknowledges that the distributors and dealers are independent businesses and shall decide in their own discretion whether or not to participate in the financing programs offered by Red Iron or HDF or its Affiliates and, once enrolled, whether to seek out or make referrals to independent sources of commercial inventory financing.

2.2 Obligation to Finance Red Iron Acquisition of Receivables; Most Favored Customer Pricing.

(a) HDF and Toro shall jointly cause Red Iron to offer to participating Toro distributors and dealers floorplan financing and open account financing for all Toro Products in accordance with the credit policies of Red Iron in effect from time to time. Toro and HDF shall use their best efforts to enroll Toro distributors in Red Iron finance program. HDF agrees to cause Red Iron to negotiate the terms of any agreements with Toro distributors and dealers in good faith and to include in such agreements commercially reasonable provisions requested by distributors in order to account for sales subject to commercial inventory financing as true sales. HDF covenants and agrees with Toro that, during the term of this Agreement in connection with the performance of its obligations under the HDF Services Agreement it shall establish dedicated credit lines for each dealer and distributor covering Toro Products financed by Red Iron. HDF agrees to cause Red Iron to service receivables which would qualify as Eligible Receivables but for the fact that the distributor or dealer does not qualify under the terms of Red Iron credit policies on such terms as HDF and Red Iron shall mutually agree.

(b) HDF shall use its best efforts to cause Red Iron to provide to Toro distributors and dealers floorplan financing and open account financing with [***]. For purposes of determining "similarly situated distributors and dealers," all relevant factors shall be considered, including manufacturer rate and other support, dealer loss experience, manufacturer loss sharing, manufacturer participation, dealer credit quality, product mix, product turn, the budget for Red Iron and the targeted rate of return for Red Iron. This Section 2.2(b) shall not apply to any financing program heretofore or hereafter acquired by HDF for the then-remaining term (without any extension thereof) of such financing program. On not less than an annual basis, and more frequently as Toro may reasonably request, HDF shall send a representative to report to the Management Committee on HDF's compliance with HDF's obligations under this Section 2.2(b). Notwithstanding the foregoing, in no event shall HDF be required to disclose to the Management Committee (i) any confidential or proprietary information of HDF, or (ii) any information that would cause it to violate any banking rules or regulations to which it is subject, including The Bank Secrecy Act of 1970, as amended, or any contractual confidentiality obligation owed to any third party.

(c) So that Toro and Toro Sub may make a fully informed decision as to whether to continue Red Iron beyond the initial term or any additional term, as applicable, contemplated by the LLC Agreement, upon the request of Toro and Toro Sub made not later than 15 months prior to the expiration of such term of Red Iron, HDF agrees to obtain from HNB no later than 14 months prior to the expiration of such term of Red Iron, a written notice indicating HNB's intent with respect to extension of the term of the Performance Assurance Agreement in conjunction with HDF's willingness to extend the term of the Credit Agreement.

2.3 Exclusivity.

(a) Subject to the provisions of Section 2.3(d), Toro covenants and agrees with HDF that, during the term of Red Iron, it shall not, and it shall not permit any Affiliate of Toro to, directly or indirectly, operate, conduct, enter into, consummate, or otherwise arrange for any joint venture, partnership or other legal entity, contractual arrangement, or other legal or business relationship with any other person or entity for the purpose (whether exclusive, primary or otherwise) of operating a commercial inventory finance business in the United States or Canada to support the purchase of Toro Products or otherwise providing commercial inventory financing (including floorplan financing or open account financing) to some or all of the dealers or distributors of Toro or any of its Affiliates for Toro Products. Toro acknowledges and agrees that its agreement set forth in this Section 2.3(a) is a material inducement for HDF to enter into, and continue performing under, this Agreement.

(b) HDF covenants and agrees with Toro that, during the term of Red Iron, HDF will not and will not permit any Affiliate of HDF (other than HDF with respect to Red Iron) to provide financing, directly or indirectly, to any joint venture, partnership or other legal entity owned in part by HDF or an Affiliate of HDF for the purpose of operating a wholesale finance business within the United States or Canada to support the financing of Lawn and Garden Products at a non-default interest rate lower than the "HDF Rate" (as such term is defined in the Credit Agreement). HDF acknowledges and agrees that its agreement set forth in this Section 2.3(b) is a material inducement for Toro to enter into, and continue performing under, this Agreement.

(c) Nothing contained in this Agreement shall preclude HDF from providing commercial inventory financing to dealers and distributors within the United States or Canada for Lawn and Garden Products manufactured or distributed by manufacturers other than Toro, provided that (i) such financing is not conducted in contravention of Section 2.3(b) above and (ii) HDF is in compliance with its obligations set forth in Section 2.2 above.

(d) The provisions of Sections 2.1 and 2.3(a) shall not apply to commercial inventory finance business with respect to (i) receivables that are not Eligible Receivables or otherwise not acquired by Red Iron by reason of limits under the terms of the Credit Agreement or otherwise; (ii) receivables due from Affiliates of Toro (including distributors that are wholly owned subsidiaries of Toro), mass market retailer customers or governmental entities; (iii) receivables arising out of any business acquired by Toro or an Affiliate of Toro following the date hereof that are subject to a financing program agreement at the time of the acquisition thereof, provided that Toro agrees to, within two years after consummation of any such acquisition, perform a detailed analysis of the potential benefits and detriments to Toro of terminating any such agreements in order to permit Red Iron to provide such financing (including whether Red Iron has the financial capacity, including access to adequate lines of credit, to accommodate such additional financing) and will provide such analysis to HDF, provided, however, that regardless of Toro's analysis, it is within Toro's sole discretion as to whether Red Iron will provide such financing for such acquired business; or (iv) receivables created during the liquidation period for Red Iron contemplated by Section 10.04 of the LLC Agreement. In addition, in the event HDF Sub fails to make a capital contribution required by Article II of the LLC Agreement and Toro Sub makes a corresponding Deficit Loan (as such term is defined in Section 2.04 of the LLC Agreement), and HDF fails to pay to Toro Sub all amounts due with respect to such Deficit Loan within 30 days of the advancement thereof, the provisions of Section 2.3(a) shall no longer apply to Toro.

2.4 <u>Other Business</u>. During the term of Red Iron, each Party, and each Party's Affiliates, may continue to operate its business in the usual and ordinary course. Subject to the provisions of Section 2.3, each Party, and each Party's Affiliates (exclusive of Red Iron) may, at any time and from time to time, engage in and pursue other business ventures. Without limiting the scope of the foregoing, each of HDF, HDF Sub, Toro and Toro Sub may pursue other business opportunities (including joint ventures) with no obligation to refer business or offer opportunities to Red Iron or to each other, except as otherwise expressly provided in Sections 2.6 and 2.7 of this Agreement.

2.5 Canadian Program.

(a) To the extent the cumulative pre-tax return on assets of such program exceeds [***]%, then Huntington Commercial Finance Canada, Inc. (f/k/a TCF Commercial Finance Canada, Inc., "HCFC") will pay to Toro or its designated Affiliate [***]% of such excess; provided, however, that if such payment is made to Toro or an Affiliate of Toro not organized under the laws of Canada or any province of Canada, such payment shall be made net of withholding, if any, imposed on HCFC (the "Toro Amount"). The Toro Amount, less any Toro Amounts paid in prior years, will be paid by HCFC to Toro or its designated Affiliate on an annual basis. For purposes of determining the cumulative pre-tax return on assets, within 90 days of each December 31, HCFC will prepare and deliver to Toro a profit and loss statement covering the period from the program inception to December 31 of the most recently completed calendar year using the following: (i) cost of service assumptions of [***]% of the average of the beginning and ending receivable balances for each month included in the prior calendar year ("Average Net Receivables"), (ii) funding cost based on actual funding costs and a capital structure that assumes [***]% equity; provided, however, that if no third-party funding is in place, the implied rate will be based on the Canadian prime rate, and (iii) bad debt reserve rate assumptions based on [***]bps of Average Net Receivables, subject to HCFC's accounting policies and practices and the impact of any actual losses of the portfolio. Toro shall agree to provide a free floorplan period to dealers within Canada upon rates and terms substantially similar to rates and terms currently offered by Toro to dealers within Canada (which are substantially similar to rates and terms offered by Toro to dealers within the United States). Pricing to dealers and to Toro or its designated Affiliate within Canada will be indexed to 30-day Canadian bankers' acceptance rates. The Parties acknowledge that such program will not be conducted by Red Iron.

For purposes of this Section 2.5(a), the "cumulative pre-tax return on assets" shall mean a quotient, (1) the numerator of which is equal to the product of (A) the pre-tax income of the program from the date of inception through December 31 of the most recently completed calendar year, divided by the number of calendar months from the date of inception through December 31 of the most recently completed calendar year, multiplied by (B) 12, and (2) the denominator of which is equal to (A) the sum of the monthly Average Net Receivables, divided by (B) the number of calendar months from the date of inception through December 31 of the most recently completed calendar year.

2.6

ARTICLE III
Representations and Warranties

Each Party represents and warrants to the other Party with respect to itself and its respective subsidiary that is a member of Red Iron that:

3.1 Due Organization; Authority. It is a corporation or limited liability company duly organized and validly existing in good standing under the laws of the state of its incorporation or formation, as applicable, and has the power, authority and legal right to enter into and perform its obligations under the Definitive Agreements to which it is a party.

3.2 Due Authorization; Enforceability. Each of the Definitive Agreements to which it is a party has been duly authorized, executed and delivered by it and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitutes its valid and legally binding obligation, enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization fraudulent conveyance, moratorium and other similar laws affecting the rights of creditors generally and by general principles of equity.

3.3 No Violation. The execution and delivery by it of the Definitive Agreements to which it is a party do not, and the performance by it of its obligations thereunder shall not (a) violate or conflict with any provision of its charter or by-laws or other constituent documents, any law, governmental rule or regulation, judgment or order applicable to it, or any provision of any indenture, mortgage, contract or other instrument to which it is a party or by which it or its property is bound, (b) constitute a default under any agreement to which it is a party or by which it or its property is bound, or (c) require the consent or approval of, the giving of notice to, the registration with or the taking of any action in respect of or by, any federal or state governmental authority or agency (including any local governmental authority or agency), except such as have been duly obtained, given or accomplished and are in full force and effect.

3.4 Brokers or Finders. Neither it nor any of its officers, agents, representatives, employees, members or shareholders has employed any brokers, finders or other intermediaries, or incurred any liability for any broker's fees, finder's fees, commissions or other amounts, with respect to Red Iron or the transactions contemplated by the Definitive Agreements.

3.5 Sufficient Resources. It has sufficient resources to perform or to cause its Affiliates to perform their respective financial and other obligations as contemplated by the Definitive Agreements.

3.6 Liens. The performance of any transactions contemplated by this Agreement or the other Definitive Agreements shall not give rise to any liens on the property of Red Iron or either member of Red Iron, except as expressly contemplated by the Credit Agreement.

ARTICLE IV
Confidentiality

During the term of Red Iron and for a period of two years thereafter, each Party shall, and shall cause its officers, directors, employees, representatives and agents and Affiliates to keep any nonpublic information which the other Party treats or designates as confidential, any nonpublic information concerning the formation and operation of Red Iron or the particulars thereof, and any other nonpublic information set forth in the Definitive Agreements or in other documents concerning Red Iron or relating to the performance by the Parties of any of the Definitive Agreements ("Confidential Information"), strictly confidential and not disclose any such information to any person (except for such Party's financial and legal advisors, lenders and accountants responsible for or actively engaged in the review, performance or development of Red Iron or its business), or use any such information in the business of such Party. The Parties and their Affiliates shall be deemed to have fulfilled their obligations hereunder if they exercise the same degree of care to preserve and safeguard such Confidential Information as Toro and HDF, respectively, use to preserve and safeguard their own confidential information, provided that upon discovery of any inadvertent disclosure of any Confidential Information, the Party making such inadvertent disclosure endeavors to prevent further use of such information and attempts to prevent similar future inadvertent disclosures. Notwithstanding the foregoing, neither

Party shall be liable for any disclosure or use of any of the disclosing Party's Confidential Information if such information is (i) publicly available or later becomes publicly available to such Party other than through a breach of this Agreement; (ii) already previously known on the date such information is disclosed; (iii) subsequently lawfully obtained by such Party from a third party who does not have an obligation to keep such information confidential; (iv) independently developed by such Party without the use of the disclosing Party's Confidential Information; (v) disclosed pursuant to a valid regulatory or judicial order, decree, subpoena, or other process or requirement of law or regulation (including any requirements of any national securities exchange where such Party's securities are listed), provided that the Party disclosing such information to such court, governmental entity or regulatory authority shall give notice to the original disclosing Party in writing in advance thereof so the original disclosing Party may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Article IV and the Party disclosing the information shall disclose only that portion of the Confidential Information that counsel to such Party disclosing the information advises is legally required to be disclosed; (vi) disclosed in connection with an audit or examination of records conducted in the ordinary course of such Party's business by a governmental or regulatory authority (including any national securities exchange where such Party's securities are listed) with jurisdiction thereover, or by independent certified public accountants, provided that such governmental or regulatory authority or accountants shall have been advised of the confidential nature of such information; or (vii) expressly released from the restrictions of this Article IV by the original disclosing Party in writing. Each Party recognizes and acknowledges that the injury to Red Iron and the other Party which would result from a breach of the provisions of this Article IV could not adequately be compensated by money damages. The Parties expressly agree and contemplate, therefore, that in the event of the breach or default by either Party of any provision of this Article IV, Red Iron or the other Party may, in addition to any remedies which it might otherwise be entitled to pursue, obtain such appropriate injunctive relief in support of any such provision of this Agreement.

ARTICLE V
Indemnification

Each Party shall indemnify, defend and hold harmless the other Party (and its Affiliates and the past, present and future officers, directors, members, employees, attorneys, representatives and agents of such Party and such Affiliates) (collectively, the "Indemnified Parties") against all losses, costs, damages and expenses (including reasonable attorney's fees and expenses) incurred by the Indemnified Parties as a result of such Party's breach or the breach by the Affiliates of any Party of any of its representations, warranties or obligations hereunder or under any of the Definitive Agreements; provided, however, that to the extent such breach is or relates to an Arbitrable Dispute (as hereinafter defined), the Indemnified Party shall have complied with the dispute resolution procedures described in Article VI. NEITHER PARTY TO THIS AGREEMENT SHALL BE RESPONSIBLE OR LIABLE TO THE OTHER PARTY TO THIS AGREEMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR PUNITIVE, EXEMPLARY OR, EXCEPT IN THE CASE OF FRAUD, BAD FAITH, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, INDIRECT

OR CONSEQUENTIAL DAMAGES THAT MAY BE ALLEGED AS A RESULT OF ANY TRANSACTION CONTEMPLATED HEREUNDER.

ARTICLE VI
Dispute Resolution

6.1 Generally. If any controversy or claim arising out of or relating to the interpretation of this Agreement, or the existence or extent of, a breach of any duties hereunder (but exclusive of Article IV (confidential information), Article V (indemnification), Section 7.3 (governing laws; jurisdiction), Section 7.4 (waiver of jury trial) and Section 7.14 (publicity)) shall arise between the Parties, or if the Parties shall be unable to agree as to the determination of any accounting matter or other computation expressly contemplated by this Agreement (all such disputes and failures to agree, the "Arbitrable Dispute(s)"), then either Party may request, by giving written notice to the other Party (the "Request Notice"), that the Officers confer within five business days regarding the Arbitrable Dispute. The Officers shall confer in good faith and use all reasonable efforts to resolve the Arbitrable Dispute. If the Officers do not resolve the Arbitrable Dispute within ten business days after delivery of the Request Notice, then the Arbitrable Dispute shall be submitted to mediation and then arbitration in accordance with the procedures set forth below in this Article VI.

6.2 Mediation. Arbitrable Disputes shall be submitted to mediation (assuming other good faith attempts to resolve the dispute have failed) prior to submitting such claim to arbitration pursuant to this Article VI. The mediation shall take place in Minneapolis, Minnesota, unless the Parties agree to conduct the mediation at another location. If the Parties are unable to agree upon a mediator, each Party shall select a mediator, which mediators in turn shall select the mediator of the dispute. Each Party's representation at the mediation shall include a business representative having full settlement authority. The Parties shall use best efforts to schedule the mediation within 30 days after delivery of the Request Notice. Any mediation shall be non-binding and all statements, whether oral or in writing, which are made as part of any mediation shall be subject to Federal Rule of Evidence 408 and cannot be used by either Party in any subsequent arbitration in a manner prohibited by Federal Rule of Evidence 408. The Parties acknowledge that they agree to mediate disputes in hopes of amicably resolving the matter before incurring significant attorneys' fees that may act as a barrier to settlement of the dispute at a later time. Accordingly, the Parties shall mediate in good faith and use reasonable efforts to reach a resolution of the matter.

6.3 Arbitration. If the Parties are unable to resolve an Arbitrable Dispute through mutual cooperation, negotiation or mediation, such Arbitrable Dispute shall be finally resolved by arbitration by a single arbitrator in accordance with the Commercial Arbitration Rules, except as otherwise provided herein, of the American Arbitration Association ("AAA") but without intervention of the AAA. The arbitration shall take place in Minneapolis, Minnesota, unless the Parties agree to conduct the arbitration at another location. If the Parties are unable to agree upon an arbitrator, each Party shall select an arbitrator, which arbitrators in turn shall select the arbitrator of the dispute. The arbitrator of the dispute shall be an accountant, attorney or retired judge with a working knowledge of the commercial inventory finance industry. The Parties agree to facilitate the arbitration by: (a) conducting arbitration hearings to the greatest extent possible on successive, contiguous days; and (b) observing strictly the time periods established by the applicable rules and procedures or by the arbitrator for the submission of evidence and briefs. Discovery in the arbitration shall be as limited as reasonably possible and in no event shall a Party be entitled to take more than three depositions (each deposition completed in no more than seven hours), ask more than ten narrowly focused interrogatories (sub-parts of an interrogatory deemed as a separate interrogation), or make more than fifteen narrowly focused document requests (sub-parts of a request deemed as a separate request). Any up-front fees payable to the arbitrator or like up-front fees shall be divided equally between the Parties. The arbitrator shall have the authority to award relief under legal or equitable principles and to allocate responsibility for the costs of the arbitration and to award recovery of reasonable attorney's fees and expenses to the prevailing Party. A full and complete record and transcript of the arbitration proceeding shall be maintained. The arbitrator shall issue a reasoned decision. Each Party shall have five business days to object to the arbitrator's decision, or any part thereof, by written submission made to the arbitrator and the other Party shall have five business days to submit a written response to the objection. The arbitrator may hold a hearing regarding any objection if deemed appropriate by the arbitrator. In the event an objection is submitted, the arbitrator shall issue a supplemental reasoned decision addressing all objections. Thereafter, the decision of the arbitrator shall be final, binding and nonappealable and shall be reviewable only to the extent provided by law.

6.4 Additional Provisions. If either Party brings or appeals any judicial action to vacate or modify any award rendered pursuant to arbitration or opposes the confirmation of such award and the Party bringing or appealing such action or opposing confirmation of such award does not prevail, such Party shall pay all of the costs and expenses (including court costs, arbitrators' fees and expenses and reasonable attorneys' fees) incurred by the other Party in defending such action. Additionally, if either Party brings any action for judicial relief of an Arbitrable Dispute in the first instance without pursuing arbitration prior thereto, the Party bringing such action for judicial relief shall be liable for and shall immediately pay to the other Party all of the other Party's costs and expenses (including court costs and reasonable attorneys' fees) in the event the other Party successfully moves to stay or dismiss such judicial action or compel it to arbitration. The failure of either Party to exercise any rights granted hereunder shall not operate as a waiver of any of those rights. This Agreement concerns transactions involving commerce among the several states. The arbitrator shall not be empowered to award punitive, exemplary, or, except in the case of fraud, bad faith, willful misconduct or gross negligence, indirect or consequential damages. The arbitrator shall decide if any inconsistency exists between the rules of the applicable arbitral forum and the arbitration provisions contained herein. If such inconsistency exists, the arbitration provisions contained herein shall control and supersede such rules. The agreement to arbitrate shall survive termination of this Agreement. The initiation of the dispute resolution procedures in this Article VI shall not excuse either Party, or any of its respective Affiliates, from performing its obligations hereunder or under any of the other Definitive Agreements or in connection with the transactions contemplated hereby. While the dispute procedure is pending, the Parties and their respective Affiliates shall continue to perform in good faith their respective obligations hereunder and under the other Definitive Agreements, subject to any rights to terminate this Agreement or the other Definitive Agreements that may be available to the Parties or their respective Affiliates. The provisions of this Article VI shall be the exclusive process for all Arbitrable Disputes. The terms of this Article VI, shall be without prejudice to the rights of each Party to obtain recovery from, or to seek recourse against, the other Party (or otherwise), in such manner as such Party may elect (but subject to Section 7.4) for all claims, damages, losses, costs and matters other than those related to Arbitrable Disputes.

ARTICLE VII
General

7.1 Additional Documents and Acts; Further Assurances. In connection with this Agreement, as well as all transactions contemplated by this Agreement, each Party agrees to execute and deliver such additional documents and instruments, and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement, and all such transactions. All approvals of either Party hereunder shall be in writing.

7.2 Notices. Notices and all other communication provided for herein shall be in writing and shall be deemed to have been given to a party at the earlier of (a) when personally delivered, (b) 72 hours after having been deposited into the custody of the U.S. Postal Service, sent by first class certified mail, postage prepaid, (c) one business day after deposit with a national overnight courier service, or (d) upon receipt of electronic mail (with a notice contemporaneously given by another method specified in this Section 7.2); in each case addressed as follows:

If to HDF: Huntington Distribution Finance, Inc.
1475 East Woodfield Road, Suite 1000
Schaumburg, IL 60173
Attention: Senior Associate General Counsel
Email: timothy.mcfadden@huntington.com

With a copy to:

Faegre Baker Daniels LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402
Attention: Kate Sherburne
Email: kate.sherburne@faegredrinker.com

If to Toro: The Toro Company
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: Treasurer
Email: zach.taylor@toro.com

With copies to:

The Toro Company
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: General Counsel
Email: legal@toro.com

and

Fox Rothschild LLP
City Center
33. S. Sixth Street, Suite 3600
Minneapolis, MN 55402
Attention: JT Schuweiler
Email: jschuweiler@foxrothschild.com

or to such other address as either Party hereto may have furnished to the other Party hereto in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

7.3 Governing Laws; Jurisdiction. This Agreement shall be subject to and governed by the laws of the state of Minnesota, without regard to conflicts of laws principles. Each of the Parties hereby irrevocably submits to the non-exclusive jurisdiction of the Federal courts sitting in Minneapolis or St. Paul, Minnesota and any state court located in Hennepin County, Minnesota, and by execution and delivery of this Agreement, each Party hereto accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of such courts with respect to any litigation concerning this Agreement or the Definitive Agreements or the transactions contemplated thereby or any matters related thereto not subject to the provisions of Article VI. Each Party hereto irrevocably waives any objection (including any objection to the laying of venue or any objection on the grounds of forum non conveniens) which it may now or hereafter have to the bringing of any proceeding with respect to this Agreement or the Definitive Agreements to the courts set forth above. Each Party hereto agrees to the personal jurisdiction of such courts and that service of process may be made on it at the address indicated in Section 7.2 above. Nothing herein shall affect the right to serve process in any other manner permitted by law.

7.4 Waiver of Jury Trial. EACH OF TORO AND HDF, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING TO THIS AGREEMENT OR ANY OTHER DEFINITIVE AGREEMENT IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER DEFINITIVE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. THIS WAIVER IS A MATERIAL INDUCEMENT FOR EACH PARTY ENTERING INTO THIS AGREEMENT.

7.5 Entire Agreement. This Agreement, together with the other Definitive Agreements and any documents or agreements contemplated hereby or thereby, contains all of the understandings and agreements of whatsoever kind and nature existing between the Parties hereto and their respective Affiliates with respect to this Agreement and the other Definitive Agreements, the subject matter hereof and of the other Definitive Agreements, and the rights, interests, understandings, agreements and obligations of the Parties and their respective Affiliates pertaining to the subject matter hereof and thereof and Red Iron, and supersedes any previous agreements between the Parties and their respective Affiliates.

7.6 Waiver. No consent or waiver, expressed or implied, by either Party or any of their respective Affiliates to or of any breach or default by the other Party or any of its Affiliates in the performance by the other Party or any of its Affiliates of its obligations under this Agreement or any of the other Definitive Agreements to which it is a party shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by that Party or any of its Affiliates of the same or any other obligations of that Party or its Affiliates. Failure on the part of either Party or its Affiliates to complain of any act or failure to act on the part of the other Party or its Affiliates or to declare the other Party or its Affiliates in default, irrespective of how long the failure continues, shall not constitute a waiver by that Party or its Affiliates of its rights under this Agreement or the other Definitive Agreements.

7.7 Severability. If any provision of this Agreement or its application to any Person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of the provisions to other persons or circumstances shall not be affected thereby, and this Agreement shall be enforced to the greatest extent permitted by law.

7.8 Binding Agreement, Assignments. This Agreement shall be binding upon the Parties and their respective successors and assigns and shall inure to the benefit of the Parties and their respective successors and permitted assigns. Notwithstanding the foregoing, neither Party hereto shall be permitted to assign its rights and obligations hereunder without the prior written consent of the other Party. Whenever a reference to any party or Party is made in this Agreement, such reference shall be deemed to include a reference to the successors and permitted assigns of that party or Party.

7.9 Third-Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the Parties, and it shall not be deemed to be for the direct or indirect benefit of any other Person. With respect to the Definitive Agreements, Toro and HDF shall each be deemed a third-party beneficiary of each such Definitive Agreement to which any of its respective Affiliates or Red Iron is a party and entitled to (a) enforce any such agreements on behalf of such Affiliates or Red Iron and (b) recover damages incurred by such Party as a result of breach by any Affiliate of the other Party or Red Iron attributable to the other Party or any Affiliate of the other Party of any of the Definitive Agreements.

7.10 Disclaimer of Agency. This Agreement shall not constitute either Party (or any of its Affiliates) as a legal representative, agent, subsidiary, joint venturer, partner, employee or servant of the other Party (or any of its Affiliates) for any purpose whatsoever, nor shall a Party (or any of its Affiliates) have the right or authority to assume, create or incur any liability or any obligation of any kind, expressed or implied, against or in the name or on behalf of the other Party (or any of its Affiliates) or Red Iron, unless otherwise expressly permitted by such other Party, and except as expressly provided in any of the Definitive Agreements.

7.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

7.12 Headings; Interpretation. The headings in this Agreement are inserted for convenience only and are not to be considered in the interpretation or construction of the provisions hereof. Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement: (a) the words “hereof,” “herein” and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (b) the words “include” and “including” and words of similar import shall not be construed to be limiting or exclusive, (c) the word “or” shall have the meaning represented by the phrase “and/or”, and (d) any contract (including each Definitive Agreement), instrument or law defined or referred to herein or in any contract or instrument that is referred to herein means such contract, instrument or law as amended, qualified or supplemented as of the applicable time, including (in the case of contracts and instruments) by waiver or consent and (in the case of laws) by succession of comparable successor laws, and all attachments thereto and instruments incorporated therein. Any pronoun used herein shall be deemed to cover all genders.

7.13 Amendments. This Agreement may be amended at any time and from time to time, but any amendment must be in writing and signed by the Parties.

7.14 Publicity. Neither Toro nor HDF nor any of their respective Affiliates shall make any public announcement or other disclosure to the press or public regarding this Agreement or Red Iron or any matter related hereto or thereto, unless Toro and HDF mutually agree to make an announcement in a form that both Parties have approved. Notwithstanding the foregoing, to the extent a Party (or its Affiliate) is required by law or the rules of a national securities exchange applicable to such Party (or such Affiliate) to make a public announcement regarding this Agreement or Red Iron or any matter related hereto or thereto, then such Party (or such Affiliate) may make a public announcement in order for such Party (or such Affiliate) to duly comply with such law or rule, provided that such Party (or such Affiliate) gives notice to the other Party of such public announcement promptly upon such Party (or such Affiliate) becoming aware of its need to comply with such law or rule, but, in any event, not later than the time the public announcement is to be made.

7.15 No Assumption in Drafting. The Parties hereto acknowledge and agree that (a) each Party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to contribute to its revision, and (b) each Party has been represented by counsel in reviewing and negotiating such terms and provisions. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both parties hereto and not in favor or against either Party.

[Signature page follows]

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of, and is effective as of, the date first set forth above.

THE TORO COMPANY

By: /s/ Zachary Taylor

Name: Zachary Taylor

Title: Treasurer

[Signature Page to A&R Agreement to Form Joint Venture]

HUNTINGTON DISTRIBUTION FINANCE, INC.

By: /s/ Sean P. Richardson

Name: Sean P. Richardson

Title: President and Chief Executive Officer

[Signature Page to A&R Agreement to Form Joint Venture]

Exhibit 2.2

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

of

RED IRON ACCEPTANCE, LLC

between

RED IRON HOLDING CORPORATION

and

HUNTINGTON JOINT VENTURE I, LLC

Amended and restated as of: June 4, 2026

[PORTIONS HEREIN IDENTIFIED BY [***] HAVE BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE THE EXCLUDED INFORMATION IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED.]

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THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of Red Iron Acceptance, LLC, a Delaware limited liability company (the "Company"), is amended and restated as of June 4, 2026, by and between Red Iron Holding Corporation, a Delaware corporation ("Toro Sub"), and Huntington Joint Venture I, LLC, a Minnesota limited liability company (f/k/a TCFIF Joint Venture I, LLC, "HDF Sub") (each individually, a "Member" and, collectively, the "Members").

WHEREAS, the Members and the Company are parties to that certain Limited Liability Company Agreement of the Company, dated as of August 12, 2009, as amended by Amendment No. 1 to Limited Liability Company Agreement of the Company, made as of May 31, 2011, Second Amendment to Limited Liability Company Agreement of the Company, dated as of June 6, 2012, Third Amendment to Limited Liability Company Agreement of the Company, dated as of November 29, 2016, Fourth Amendment to Limited Liability Company Agreement of the Company, dated as of July 17, 2019, Fifth Amendment to Limited Liability Company Agreement of the Company, dated as of December 20, 2019, and Sixth Amendment to Limited Liability Company Agreement of the Company, effective as of March 20, 2022 (as so amended, the "Existing LLC Agreement"); and

WHEREAS, the Members and the Company desire to amend and restate the Existing LLC Agreement on the terms set forth herein. Accordingly, in consideration of the mutual covenants contained herein, the Members agree as follows:

Article I
ORGANIZATION

1.01 Formation. The Members formed the Company as a limited liability company pursuant to the provisions of the Delaware Limited Liability Company Act, as amended from time to time, and any successor statute (the "Act"). A Certificate of Formation for the Company was filed in the Office of the Secretary of State of the State of Delaware in conformity with the Act. The Company and, if required, each of the Members shall execute or cause to be executed from time to time all other instruments, certificates, notices and documents and shall do or cause to be done all such acts and things (including keeping books and records and making publications or periodic filings) as may now or hereafter be required for the valid existence and, when appropriate, termination of the Company as a limited liability company under the laws of the State of Delaware. In connection with the Company, the Members and certain of their respective Affiliates entered or are entering into the following ancillary agreements and amendments thereto:

(a) That certain Agreement to Form Joint Venture between The Toro Company, a Delaware corporation ("Toro"), and Huntington Distribution Finance, Inc. (f/k/a TCF Inventory Finance, Inc., "HDF") dated as of August 12, 2009, as amended by the First Amendment to Agreement to Form Joint Venture dated as of June 6, 2012, the Second Amendment to Agreement to Form Joint Venture dated November 29, 2016, the Third Amendment to Agreement to Form Joint Venture dated December 20, 2019, the Fourth Amendment to Agreement to Form Joint Venture effective March 2, 2020, and Fifth Amendment to Agreement to Form Joint Venture dated June 10, 2022 (as amended, the "Joint Venture Agreement");

(b) That certain Credit and Security Agreement between the Company and HDF dated as of August 12, 2009, as amended by the First Amendment to Credit and Security

Agreement dated June 6, 2012, the Second Amendment to Credit and Security Agreement dated November 29, 2016, the Third Amendment to Credit and Security Agreement dated December 20, 2019, the Fourth Amendment to Credit and Security Agreement dated August 23, 2021, the Fifth Amendment to Credit and Security Agreement dated October 25, 2022, and the Sixth Amendment to Credit and Security Agreement dated August 31, 2023 (as amended, the "Credit Agreement");

(c) That certain Services Agreement between the Company and HDF dated as of August 12, 2009, as amended by the First Amendment to Services Agreement dated January 25, 2011 and the Second Amendment to Services Agreement dated June 6, 2012 (as amended, the "HDF Services Agreement");

(d) That certain Services Agreement between the Company and Toro dated as of August 12, 2009 (the "Toro Services Agreement" and, together with the HDF Services Agreement, the "Services Agreements");

(e) That certain Sixth Amended and Restated Repurchase Agreement between Toro and the Company dated June 10, 2022 (the "Repurchase Agreement");

(f) Receivable Purchase Agreements among Toro Credit Company, Toro, Toro International Company, a Minnesota corporation, and the Company dated October 1, 2009, October 9, 2009, and December 1, 2009 (each, a "Receivable Purchase Agreement");

(g) That certain Second Amended and Restated Program Letter between Toro, the Company, Exmark Manufacturing Company Incorporated, a Nebraska corporation ("Exmark"), Venture Products, Inc., an Ohio corporation, Intimidator, LLC, an Arkansas limited liability company, and RF Products, LLC, an Arkansas limited liability company, dated June 10, 2022;

(h) The Trademark License Agreement between Toro and the Company (the "Toro Trademark License Agreement") and the Trademark License Agreement between Exmark and the Company, each dated August 12, 2009 (together with the Toro Trademark License Agreement, the "Trademark License Agreements"); and

(i) That certain Performance Assurance Agreement made by The Huntington National Bank (f/k/a TCF National Bank, "HNB") for the benefit of Toro and Toro Sub dated August 12, 2009, as amended by the First Amendment to Performance Assurance Agreement dated June 6, 2012, Second Amendment to Performance Assurance Agreement dated November 29, 2016, and Third Amendment to Performance Assurance Agreement dated December 20, 2019 (as amended, the "Performance Assurance Agreement")

(j) and, in connection with entry into this amended and restated Agreement, the Members and certain of their respective Affiliates are entering into further amended and restated versions of the Joint Venture Agreement, Credit Agreement, Services Agreements, Repurchase Agreement, Program Letter, Toro Trademark License Agreement, and Performance Assurance Agreement on the date hereof (collectively, with this Agreement, all such foregoing documents, the "Definitive Agreements").

(k) "Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For purposes of this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

1.02 Name and Office. The name of the Company is "Red Iron Acceptance, LLC." All business of the Company shall be carried on in this name, with such variations and changes as the Management Committee in its sole judgment deems necessary or appropriate to comply with requirements of the jurisdictions in which the Company's operations are conducted, and all title to all property, real, personal, or mixed, owned by or leased to the Company shall be held in such name. The registered office and registered agent of the Company shall be The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, or such other office or agent as determined by the Management Committee. The principal offices and place of business of the Company shall be in Schaumburg, Illinois with an operations office in Bloomington, Minnesota or, in either case, such other place or places as the Management Committee may from time to time direct.

1.03 Purpose.

(a) The Company is formed for the following purposes: (i) subject to the terms of this Agreement, to own and operate a commercial inventory finance business to provide floor plan and open account financing to dealers and distributors of products, including parts, accessories, software and software updates to support equipment or services, advertising materials, advertising placements, training materials, point of sale or merchandising materials, extended service contracts, licenses for scheduling software and online services; (ii) to manage, own, supervise and dispose of the assets associated with the business referred to in the preceding clause (i); and (iii) to engage in any activities or transactions necessary or desirable to accomplish the foregoing purposes and to do any other act or thing incidental or ancillary thereto. The Company's business referred to in the preceding clauses (i) through (iii) is referred to herein as the "Business."

(b) The Company shall not, without the prior written consent of all the Members, engage in any business or activity other than the Business and those activities that are necessary or advisable to carry out the Business.

(c) Each Member shall restrict its business to its ownership of its interest in the Company and related activities. Each Member's Affiliates (exclusive of the Company), may, at any time and from time to time, engage in and pursue other business ventures.

1.04 Term. Subject to the provisions of Article X below, the initial term of the Company commenced on August 12, 2009 (the "Formation Date"), shall continue until October 31, 2031 (the "Initial Term"), and thereafter shall be extended automatically for additional two-year terms (each, an "Additional Term") unless at least one year prior to the expiration of the Initial Term or Additional Term (as applicable) either Member gives notice to the other Member of its intention not to extend the term, in which event the Company shall dissolve and be wound-up in accordance with the provisions of said Article X.

Article II
CAPITAL STRUCTURE AND CONTRIBUTIONS

2.01 Authorized Shares. Subject to the terms of this Agreement, the Company is authorized to issue equity interests in the Company designated as "Shares," which shall constitute limited liability company interests under the Act; unless otherwise determined by the Management Committee, Shares shall not be certificated. The total number of Shares which the Company shall have authority to issue is 100. All Shares shall be identical to each other in all respects. On the Formation Date, 45 Shares were issued to Toro Sub and 55 Shares were issued to HDF Sub. For purposes of this Agreement, a Member's "Percentage Interest" shall mean the number of outstanding Shares of such Member divided by the total number of issued and outstanding Shares.

2.02 Capital Contributions. As of the Formation Date, each Member contributed to the capital of the Company cash in an amount set forth after each Member's name on Schedule 2.02 (the "Initial Capital Contributions").

2.03 Additional Capital Contributions/Loans. Each of Toro Sub and HDF Sub shall be required to contribute as additional capital to the Company (each, an "Additional Capital Contribution" and, together with the Initial Capital Contributions, the "Capital Contributions") cash in an amount sufficient to increase or maintain such Member's Capital Account to an amount equal to the sum of **[***]**. For purposes of this Agreement, "Total Tangible Assets of the Company" shall mean the remainder of (i) the total assets of the Company minus (ii) all intangible assets of the Company to the extent included in calculating total assets in clause (i), all as determined in accordance with generally accepted accounting principles as adopted in the United States ("GAAP")). Such contributions shall be determined (1) as of the end of each month during the term of the Company, or (2) if approved by the Management Committee, more often. The Company shall provide notice to the Members, no later than one business day prior to the last day of the month with a final forecast the morning of the last business day of the month, of the estimated contribution amount for such month, which contributions shall be made no later than the last day of such month or, with respect to Additional Capital Contributions referred to in clause (2) of this Section 2.03, within five business days of receiving notice from the Company of any such contribution. To the extent the estimated contribution amount is greater or less than the actual capital needs for such month, such excess or shortage shall be taken into account in the Company's calculation of the Distributable Cash for such month. The requirement of each Member to maintain sufficient funds in its Capital Account shall continue through the dissolution and winding-up of the Company as specified in Article X. No additional Shares shall be issued to the Members on account of any Capital Contribution made subsequent to the Initial Capital Contributions. Except as expressly provided in this Section 2.03 or with the prior written consent of each of the Members, no Member shall be required or entitled to contribute any other or further capital to the Company, nor, except as contemplated by this Agreement, shall any Member be required or entitled to loan any funds to the Company.

2.04 Consequences of Failure to Provide Capital Contributions. If Capital Contributions are required to be made and if, on or prior to the due date thereof, one of the Members has made its Capital Contribution (the "Contributing Member") and the other Member has failed to make its Capital Contribution (the "Non-Contributing Member"), then the Contributing Member shall have the option during the following five business day period to (a) request and receive from the Company an immediate return of the funds advanced in such instance as its Capital Contribution or (b) elect to lend to the Non-Contributing Member the amount of the Capital Contribution not paid by the Non-Contributing Member (a "Deficit Loan") in such instance, the proceeds of which Deficit Loan shall be paid by the Contributing Member directly to the Company as a contribution to the capital account of the Non-Contributing Member. The Contributing Member shall be entitled to interest from the Non-Contributing Member on the amount outstanding from time to time on each Deficit Loan calculated at a rate equal to the Index plus 10% per annum, or the highest rate permitted by law, whichever is less. Notwithstanding the provisions of Sections 4.01 and 10.03, distributions otherwise payable by the Company to a Non-Contributing Member shall first be made to the Contributing Member to the extent of the amount of any outstanding Deficit Loans, including accrued interest thereon, and such distribution shall be charged to the Capital Account of the Non-Contributing Member. In addition, any amounts otherwise payable by the Company to an Affiliate of the Non-Contributing Member under the terms of the HDF Services Agreement or the Toro Services

Agreement, as appropriate, shall be paid to the Contributing Member to the extent the amount of any outstanding Deficit Loans, including interest thereon. The rights of the Contributing Member to receive the payments described in the preceding sentence shall be in addition to the right of the Contributing Member to receive payment of the amount of all outstanding Deficit Loans, including accrued interest thereon, at any time upon demand. The term "Index" shall mean the rate of interest published in the Money Rates section of The Wall Street Journal from time to time as the Prime Rate. If more than one Prime Rate is published in The Wall Street Journal for a day, the average of the Prime Rates so published shall be used and such average shall be rounded up to the nearest 0.25%. If The Wall Street Journal ceases to publish the Prime Rate, the Contributing Member may select a comparable publication or service that publishes such Prime Rate, or its equivalent, and if such Prime Rate is no longer published, then the rate publicly announced by one of the ten largest money center banks in the United States (as selected by the Contributing Member in its discretion) as its "prime," "base" or "reference" rate shall be substituted.

2.05 No Interest on Capital Contributions. No Member shall be entitled to receive interest on its Capital Contributions.

2.06 Capital Accounts. A capital account ("Capital Account") shall be maintained for each Member on the books of the Company. The Capital Account for each Member shall be maintained in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's allocated share of Net Income and any items of income or gain specially allocated to such Member pursuant to Sections 5.03 or 5.04.

(b) To each Member's Capital Account there shall be debited such Member's allocated share of Net Loss, any items of deduction or loss specially allocated to such Member pursuant to Sections 5.03 or 5.04 and the amount of cash and the value of any other property distributed to such Member (net of any liabilities assumed by such Member and liabilities, if any, to which such property is subject).

(c) A Member shall not be entitled to withdraw from the Company or withdraw any part of its Capital Account or receive any distributions from the Company except as specifically provided in this Agreement. No Member shall be entitled to receive any distribution in kind, except as otherwise provided herein. No interest shall be paid on or with respect to the Capital Account of any Member. Except as expressly provided herein, no Member shall have any priority over any other Member as to the return of its Capital Contributions or as to compensation by way of income, and no additional share of the profits or losses of the Company shall accrue to any Member solely by virtue of its Capital Account being proportionately greater than the Capital Account of any other Member. No Member shall be entitled to make any Capital Contributions to the Company other than as provided herein.

(d) If any Member makes a loan to the Company, such loan shall not be considered a contribution to the capital of the Company and shall not increase the Capital Account of the lending Member. Repayment of such loans shall not be deemed a withdrawal from the capital of the Company.

(e) No Member shall be required to pay to the Company or to any other Member or person any deficit in such Member's Capital Account upon dissolution of the Company or otherwise.

(f) If any Member receives a distribution from the Company in excess of the amount such Member should have received in accordance with the provisions of this Agreement at the time the distribution was made, such Member shall be obligated to pay any such excess to the Company for reallocation to the Member or Members rightfully entitled to such distribution upon demand to do so by the Company.

(g) If all or any portion of a Member's Shares are transferred pursuant to Article IX hereof, the transferee shall succeed to the transferor's Capital Account to the extent it relates to the transferred Shares.

Article III
REPRESENTATIONS AND WARRANTIES

3.01 Toro Sub Representations. Toro Sub represents and warrants, as of the date of this Agreement, each of the following:

(a) Organization and Authority. Toro Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, its sole purpose is the ownership of its Shares and activities ancillary to such ownership, and has all necessary power and authority to enter into, and to perform its obligations under, this Agreement. The execution and delivery of this Agreement by Toro Sub, the performance by Toro Sub of its obligations hereunder, and the consummation by Toro Sub of the transactions contemplated hereby have been duly and validly authorized and approved by all necessary corporate action on behalf of Toro Sub. This Agreement has been duly executed and delivered by Toro Sub, and (assuming due execution and delivery by HDF Sub), this Agreement constitutes a legal, valid and binding obligation of Toro Sub enforceable against Toro Sub in accordance with its terms.

(b) No Conflict. The execution, delivery and performance of this Agreement by Toro Sub does not and will not (i) violate, conflict with or result in the breach of any provision of the certificate of incorporation of Toro Sub, (ii) conflict with or violate any law or order of any court or other governmental authority applicable to Toro Sub or any of its assets, properties or businesses, or (iii) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, or result in the creation of any encumbrance on any of the assets or properties of Toro Sub, pursuant to any note, bond, mortgage or indenture, contract agreement, lease, sublease, license, permit, franchise or other instrument or arrangement to which Toro Sub is a party or by which any of such assets or properties is bound or affected, except, in the case of clauses (ii) and (iii) above, where such conflict, violation, breach, default, failure to obtain any such consent, rights or creation will not reasonably be expected to have a material adverse effect on the Business or on Toro Sub's ability to enter into this Agreement and perform its obligations hereunder.

3.02 HDF Sub Representations. HDF Sub represents and warrants, as of the date of this Agreement, each of the following:

(a) Organization and Authority. HDF Sub is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Minnesota, its sole purpose is the ownership of its Shares and activities ancillary to such ownership, and has all necessary power and authority to enter into, and to perform its obligations under, this Agreement. The execution and delivery of this Agreement by HDF Sub, the performance by HDF Sub of its obligations hereunder, and the consummation by HDF Sub of the transactions contemplated hereby have been duly and validly authorized and approved by all necessary limited liability company action on behalf of HDF Sub. This Agreement has been duly executed and delivered by HDF Sub, and (assuming due execution and delivery by Toro Sub) this Agreement constitutes a legal, valid and binding obligation of HDF Sub enforceable against HDF Sub in accordance with its terms.

(b) No Conflict. The execution, delivery and performance of this Agreement by HDF Sub does not and will not (i) violate, conflict with or result in the breach of any provision of the articles of organization of HDF Sub, (ii) conflict with or violate any law or order of any court or other governmental authority applicable to HDF Sub or any of its assets, properties or businesses, or (iii) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, or result in the creation of any encumbrance on any of the assets or properties of HDF Sub pursuant to any note, bond, mortgage or indenture, contract agreement, lease, sublease, license, permit, franchise or other instrument or arrangement to which HDF Sub is a party or by which any of such assets or properties is bound or affected, except, in the case of clauses (ii) and (iii) above, where such conflict, violation, breach, default, failure to obtain any such consent, rights or creation will not reasonably be expected to have a material adverse effect on the Business or on HDF Sub's ability to enter into this Agreement and perform its obligations hereunder.

3.03 Survival. All representations and warranties contained in this Article (notwithstanding any investigation or inquiry which any party hereto or any representative may make) shall relate solely to the date such representation and warranty was made, and shall survive the execution and delivery of this Agreement and continue until the dissolution and winding-up of the Company in accordance with Article X.

Article IV
DISTRIBUTIONS

4.01 Distributions.

(a) Except as otherwise provided in this Agreement (including Sections 2.04 and 10.03), the Company shall make distributions in the same proportions as Net Income would be allocated to Members pursuant to Section 5.01.

(b) Subject to Section 4.01(a) and except as otherwise approved by the Management Committee, the Company shall make distributions in cash pursuant to this Section 4.01 on a monthly basis, on or before the last day of each calendar month, in an amount equal to the Company's Distributable Cash as of the end of such month. "Distributable Cash" shall mean the positive difference, if any, between (i) the estimated Capital Account balances of all the Members and (ii) the sum of **[***]**. Such estimates shall be calculated on the date that is no later than one business day prior to the last day of the month with a final forecast the morning of the last business day of the month. Each distribution pursuant to this Section 4.01 shall be made in immediately available funds by wire transfer in accordance with wire transfer instructions provided in writing from time to time by each Member. Any change in such wire transfer instructions shall be effective two business days following receipt of notice thereof by the Company.

Article V
ALLOCATIONS

5.01 Net Income. Except as provided in Sections 5.03, 5.04 and 10.03, the Net Income shall be allocated for each fiscal year (or for any applicable portion of a fiscal year, such applicable portion to be calculated pursuant to a hypothetical closing of the Company's books based on the specific portion of the fiscal year and not on a pro rata or other similar basis) to the Members, pro rata in accordance with their respective Percentage Interests.

5.02 Net Losses. Except as provided in Sections 5.03, 5.04 and 10.03, Net Loss shall be allocated for each fiscal year (or for any applicable portion of a fiscal year, such applicable portion to be calculated pursuant to a hypothetical closing of the Company's books based on the specific portion of the fiscal year and not on a pro rata or other similar basis) to the Members, pro rata in accordance with their respective Percentage Interests.

5.03 Regulatory Allocations.

(a) Maintenance of Capital Accounts. The Capital Accounts shall be maintained in accordance with Section §1.704-1(b) of the Regulations.

(b) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 5.03(b) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article V have been tentatively made as if this Section 5.03(b) were not in this Agreement.

(c) Gross Income Allocation. In the event any Member has a negative Capital Account at the end of any fiscal year which is in excess of the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible provided that an allocation pursuant to this Section 5.03 shall be made only if and to the extent that such Member would have a negative Capital Account in excess of such sum after all other allocations provided for in this Article V have been made as if Section 5.03(b) and this Section 5.03(c) were not in this Agreement.

5.04 Curative Allocations. The allocations set forth in Section 5.03 hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 5.04. Therefore, notwithstanding any other provision of this Article V (other than the Regulatory Allocations), offsetting special allocations of Company income, gain, loss or deduction shall be made so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of this Agreement and all Company items were allocated pursuant to this Article V without regard to the Regulatory Allocations. In exercising their discretion under this Section 5.04, the Members shall take into account future Regulatory Allocations under Section 5.03 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Section 5.03.

5.05 Tax Allocations.

(a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes (and, as such, it is not intended to change the accounting allocation), be allocated between the Members so as to take account of any variation between the adjusted basis of such property to the Company for Federal income tax purposes and its fair market value at the time of contribution.

(b) Any elections or other decisions relating to such allocations shall be made by the Partnership Representative in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 5.05 are solely for purposes of Federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Net Income, Net Loss, other items, or distributions pursuant to any provision of this Agreement.

(c) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, and any other allocations not otherwise provided for shall be divided between the Members in the same proportions as they share Net Income or Net Loss, or amounts specially allocated pursuant to Section 5.03 or 5.04 hereof, as the case may be, for the fiscal year.

5.06 Other Allocation Rules.

(a) Solely for purposes of determining the Members' proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Members' interests in the Company profits shall be allocated in the same manner such item would have been allocated pursuant to Section 5.01.

(b) To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Members shall endeavor to treat distributions of cash as having been made from the proceeds of a nonrecourse liability only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

5.07 Tax Decisions.

(a) HDF shall act on behalf of the Company as the Partnership Representative (the "Partnership Representative"), as such term is defined in Code Section 6223(a). The Partnership Representative will act on behalf of the Company in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and shall appoint the designated individual on behalf of the Company. The Partnership Representative is authorized to make the election described in Code Section 6226, to take any actions needed to effect the election, and to take any other actions as are reasonably necessary or appropriate to maintain, to the extent reasonably feasible, the allocation of taxes (including interest and penalties, if any, with respect to such taxes) among the Members (including former Members) with respect to the income of the Company, and cost of contesting any Company adjustments, as would have been borne by each Member if the Company had been eligible to elect, and had elected, out of the partnership audit provisions of Code Sections 6221 through 6241 (the "Partnership Audit Provisions"). The Members acknowledge and agree that amendments may be required or advisable to this Agreement (i) in order to address the Partnership Audit Provisions and any regulations or other guidance of the Internal Revenue Service (the "IRS") interpreting or applying the Partnership Audit Provisions, and (ii) in order to ensure that, in the event of a tax audit of the Company, the Members during the Company's tax year being audited (which may include former Members) bear the economic burden and benefit of any adjustments to the Company's income, gain, loss, deduction, or credit for the tax year being audited and the cost of contesting the Company adjustments, and the Members shall cooperate in good faith to adopt and effect such amendments. The Partnership Representative shall, within 30 days of receipt, notify the Company, all Members, and former Members (if such former Member was a Member in the reviewed year, or otherwise could be affected by the result of any audit) in writing, of all communications to and from the IRS (which notice shall include a copy of such IRS communication), as well as make available any information a Member reasonably requests in connection with any federal, state, or local audit of the Company or related to such Member's interest in the Company. Each Member (including applicable former Members) shall inform the Company of any adjustments to Company items that result from any audit of such Member within 60 days of the close of such audit, and provide any information the Partnership Representative determines is reasonably applicable to such adjustments. The provisions contained in this Section 5.07(a) shall survive the dissolution of the Company and the withdrawal or dissolution of any Member. The Members specifically acknowledge, without limiting the general applicability of this Section 5.07(a), that the Partnership Representative will not be liable, responsible or accountable in damages or otherwise to the Company or any Member with respect to any action taken by it in its capacity as partnership representative. All out-of-pocket expenses incurred by the Partnership Representative in the capacity of Partnership Representative will be considered expenses of the Company for which the Partnership Representative is entitled to full reimbursement.

(b) The Company shall file its income and all other tax returns (including sales, use, property, excise, information and unclaimed property reports) as a partnership. HDF Sub shall cause all tax returns of the Company to be timely filed. The Company shall provide a draft copy of all income tax and information returns to Toro Sub for its review and comment at least ten (10) business days prior to the due date for filing such returns.

5.08 Certain Definitions. The following terms shall be defined for purposes of this Agreement as set forth below:

"Adjusted Capital Account Deficit" means, with respect to each Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which such Member is deemed to be obligated to restore pursuant to the penultimate sentences of each of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

"Code" means the Internal Revenue Code of 1986, as amended, modified or supplemented from time to time, or any successor legislation.

"Net Income" and "Net Loss" mean, for each fiscal period, an amount equal to the Company's taxable income or loss for such fiscal period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss).

"Regulations" means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as amended, modified or supplemented from time to time.

Article VI
MANAGEMENT

6.01 Members.

(a) Subject to the limitations and restrictions set forth in this Agreement and the Act, each Member shall have all the rights, powers and obligations which may be possessed by a member of a limited liability company under the Act and otherwise as provided by law.

(b) Meetings of the Members may be called by any Member on at least ten business days' prior written notice to the other Members, which notice shall contain the time, place and purpose of such meeting. The presence in person or by proxy of both of the Members shall constitute a quorum for the transaction of business by the Members at such meeting. Except as otherwise expressly set forth herein, all actions of the Members taken at a meeting shall require the affirmative vote of both of the Members.

(c) Notice of any meeting of the Members may be waived by any Member before or after such meeting. Meetings of the Members may be conducted by conference telephone facilities or other similar technology. The Members may approve a matter or take any action without a meeting by a written consent of the Members, which must be executed by both of the Members. In no instance where action is authorized by written consent of the Members shall a meeting of the Members be required to be called or notice to be given. The writing or writings evidencing any such consent shall be filed with the minutes of proceedings of the Company and copies thereof shall be sent to each of the Members.

(d) Except as expressly set forth herein, neither Member or any of its Affiliates shall have any liability for the debts, obligations or liabilities of the Company or of the other Member or any of its Affiliates.

6.02 Management Committee.

(a) Subject to such matters which are expressly reserved under this Agreement or the Act to the Members for decision, the Business shall be managed through a committee of managers (the "Management Committee"), which shall initially consist of eight persons (the "Managers") who shall be determined as follows: (i) HDF Sub shall be entitled to designate four Managers (the "HDF Sub Managers") and (ii) Toro Sub shall be entitled to designate four Managers (collectively, with the HDF Sub Managers, the "Designated Managers"). The Designated Managers shall appoint a General Manager (the "General Manager") and all other executive officers (if any) of the Company by the affirmative vote or written consent of at least five Managers, including the affirmative vote of at least one of the Designated Managers appointed by each Member (a "Majority of the Managers"); provided, however, that if the Management Committee shall at any time be deadlocked and unable to appoint a General Manager, then HDF Sub shall have the sole right to appoint the General Manager on an interim basis pending resolution of the deadlock regarding final appointment of the General Manager as provided in Section 7.08. For purposes of the preceding sentence, any Designated Manager under consideration for appointment as General Manager, or other executive officer position (if any), shall not be recused from voting on such matter. Each of the Members shall, in its respective sole discretion, be entitled to remove or discharge (with or without cause and with or without prior notice) one or more of its Designated Managers at any time, and to designate an alternate (who shall be permitted to attend, and have full voting powers at, any meeting at which the Designated Manager is absent) or a successor therefor. Designated Managers may only be removed in accordance with the preceding sentence. The Member that has removed or discharged one or more of its Managers and designated an alternate or alternates shall promptly give notice to the other Member of the names of the removed or discharged Manager(s) and the name(s) and address(es) of the replacement Manager(s). The Designated Managers and the General Manager as of the date of this Agreement are set forth on Schedule 6.02(a) hereto, which shall be updated from time to time to reflect the addition or removal of such persons.

(b) Subject to the next sentence, the Management Committee shall meet at such times as may be necessary for the Business on at least ten business days' prior written notice to each Manager of such meeting given by any one Manager, which written notice shall contain the time and place of such meeting and the proposed items of business; unless otherwise agreed by a Majority of the Managers, meetings of the Management Committee shall be held at the office of one of the Members. The Management Committee shall meet at least once each fiscal year. Provided that proper and adequate notice has been provided as required by the first sentence of this Section 6.02(b), the presence of at least a Majority of the Managers (or their respective alternates) shall be required to constitute a quorum for the transaction of any business by the Management Committee. Each Manager shall have one vote on all matters before the Management Committee. All actions of the Management Committee shall require the affirmative vote of at least a Majority of the Managers. No Manager (acting in his or her capacity as such) shall have any authority to bind the Company to any third party with respect to any matter, except pursuant to a resolution expressly authorizing such action (and authorizing such Manager to bind the Company with respect to such action) which resolution is duly adopted by the Management Committee by the affirmative vote of at least a Majority of the Managers.

(c) Except as otherwise expressly required by this Agreement, in the event the Management Committee is evenly divided on any matter, such matter shall promptly be referred to the Members for decision and approval in accordance with the provisions of Section 7.07 or 7.08, as the case may be.

(d) There shall be no committees of the Management Committee and there shall be no delegation of the powers, duties and authorities of the Management Committee to any other person, entity, or committee, except as otherwise provided herein or expressly approved by the Management Committee.

(e) No item of business that is not contained in the notice of the meeting may be considered unless at least a Majority of the Managers consent. Notice of any Management Committee meeting may be waived by any Manager before or after such meeting. Meetings of the Management Committee shall be conducted by conference telephone facilities (or other similar technology) if any Manager so requests. Managers may approve a matter or take any action without a meeting by a written consent of the Managers, which must be executed by at least a Majority of the Managers. In no instance where action is authorized by written consent of the Managers shall a meeting of the Managers be required to be called or notice required to be given. The writing or writings evidencing any such consent shall be filed with the minutes of proceedings of the Company and copies thereof shall be sent to each of the Managers. The Management Committee shall cause written minutes to be prepared of all actions taken by the Management Committee at a meeting thereof and shall cause a copy thereof to be delivered to each Manager within 30 calendar days after each such meeting.

(f) The Management Committee may review, and a Majority of the Managers may modify all budgets and business plans, including any amendments thereto from time to time as necessary or desirable, of the Company.

(g) The credit and operational policies of the Company are described in Exhibit A attached hereto (the "Policies"). The Policies may be modified from time to time by a Majority of the Managers; provided, however, that the Policies shall not be inconsistent with the credit and operational policies of HDF and the Policies, as modified, shall be attached hereto as Exhibit A and clearly marked with the date on which the Policies were modified. HDF Sub shall be responsible for advising the Management Committee of HDF's credit and operational policies.

6.03 General Manager. The General Manager of the Company shall have the responsibility for managing the Business on a day-to-day basis and supervising the other officers of the Company (if any), subject to the absolute direction, supervision and control of the Management Committee. The General Manager shall have no authority or power to enter into any material agreement or material arrangement on behalf of the Company which binds the Company to any third party outside the scope of the Business, but shall have the authority and power:

(a) To generally manage the Company's credit and operations office or offices and the Company's marketing efforts;

(b) To exercise credit authority within the limits established by the Company's credit policies;

(c) To comply with credit, operations, legal and other policies adopted by the Management Committee;

(d) To manage the Company's dealer and distributor relations with respect to the Business;

(e) To call special meetings of the Management Committee;

(f) To support the staff of HDF and Toro in the performance of their obligations under their respective Services Agreement;

(g) To pay expenses of the Company in the ordinary course of the Business, including expenses provided for in the Definitive Agreements; and

(h) To do such other things and take such other actions as shall be authorized by the Management Committee.

The powers and duties of the General Manager shall at all times be subject to the provisions of Section 6.04 hereof. The General Manager may not be removed or discharged without cause without the approval of the Management Committee. The General Manager shall preside over all meetings of the Management Committee. In the absence of the General Manager, his or her designated alternate shall assume his or her powers, duties and authority at such meeting.

6.04 Required Approvals. The following actions shall under no circumstances be taken by the General Manager, or any other Manager or officer (if any) on behalf of the Company or by the Management Committee, without the approval of the Management Committee:

(a) merge or consolidate with, purchase all or any substantial part of the assets of, make or agree to make capital contributions to or investments in, or otherwise acquire any securities, interest or ownership in, any person, joint venture, firm, corporation or division thereof;

(b) sell all or a significant portion of the assets of the Company, provided however, that the Toro Sub Managers shall not unreasonably withhold their consent to any proposed disposition of the assets of the Company to any party other than a party primarily engaged in the manufacture, sale or financing of Lawn and Garden Products (as defined in the Joint Venture Agreement);

(c) dissolve or liquidate the Company;

(d) enter into, amend or terminate any agreement or contract involving aggregate expense for the Company in excess of $25,000 (in a single transaction or a series of related transactions), or if such contract is not so quantifiable, which would have a material adverse effect on the operations or condition (financial or otherwise) of the Business, in each case, that is not contemplated in the then-current budget;

(e) make any operating expenditure or commitment therefor involving the expenditure of more than $25,000 for any individual transaction or series of related transactions or $50,000 in the aggregate in any 12-month period or any capital expenditures in any amount, except to the extent such expenditure is provided for in the then-current budget;

(f) change the nature of the Business or enter into any new line of business;

(g) except as contemplated by Article IV or Section 10.03, determine the amount and timing of any distribution to be made to the Members by the Company;

(h) enter into or amend any written agreement, or engage in any other transaction, with any officer (if any) of the Company or direct or indirect holder of any Shares (or any of such person's Affiliates);

(i) create any lien, mortgage or other encumbrance on the property or assets of the Company, provided, however, that the Toro Sub Managers shall not unreasonably withhold their consent to any proposed encumbrance on the assets of the Company in favor of any party other than a party primarily engaged in the manufacture, sale or financing of Lawn and Garden Products (as defined in the Joint Venture Agreement);

(j) incur indebtedness for, lend or advance money to, or guarantee or endorse the obligations of, any other person, except as otherwise expressly provided herein and except for endorsement of checks in the ordinary course of business;

(k) incur indebtedness for borrowed money in excess of $25,000 other than as contemplated by the Credit Agreement;

(l) (i) lease any real property, (ii) lease any personal property for a term longer than 36 months or exceeding $10,000 in the aggregate or (iii) acquire any property of any kind in excess of $10,000 in the aggregate, other than financial assets arising out of the Business or any collateral securing the performance of such financial assets;

(m) engage in any transaction or series of transactions that results in the incorporation of the Company or any other material change in organizational form or causes the Company to lose its status as a partnership for any tax purpose;

(n) except as provided in Sections 2.02, 2.03, and 2.04, accept any contribution to the capital of the Company or (i) issue or sell or (ii) purchase or redeem, in each case, by the Company, any Shares in the Company;

(o) file any petition by or on behalf of the Company seeking relief under the federal bankruptcy act or similar relief under any law or statute of the United States or any state thereof;

(p) except as provided in Section 8.03, hire or change the registered independent public accounting firm of the Company;

(q) appoint or remove any executive officer of the Company;

(r) conduct the Business under any name other than "Red Iron Acceptance, LLC";

(s) initiate or otherwise engage in any litigation on behalf of the Company other than in the ordinary course of the Business or to enforce an obligation of a Member under any Definitive Agreement that is not the subject of an Arbitrable Dispute under such Definitive Agreement;

(t) amend, extend or restate or otherwise modify any of the Definitive Agreements to which the Company is a party;

(u) invest any of the Company's funds;

(v) enter into any contracts of insurance other than as provided in the Joint Venture Agreement;

(w) incur any cost on behalf of the Company if the amount thereof would result in an increase in the total budgeted expenses for the Company of more than 5%;

(x) remove the General Manager;

(y) decrease or terminate the Commitment, as that term is defined under the Credit Agreement; or

(z) establish or amend service level agreements (SLAs) applicable to the services provided under either of the Services Agreements, which service level agreements (if any) the Members will endeavor to re-evaluate on a periodic basis.

6.05 Consents and Approvals. Each of the Members agrees to use its commercially reasonable efforts to assist the Company in obtaining as promptly as practicable all consents, authorizations, approvals, and waivers from any governmental entity required to be obtained by the Company in order to operate the Business, including assisting the Company in making any required filings, submissions and notifications with any court, governmental, regulatory, or administrative body, agency or authority, department, commission, instrumentality or arbitrator. Each of the Members shall furnish to the Company such necessary information and reasonable assistance as the Company may reasonably request in connection with the foregoing.

Article VII
ADDITIONAL AGREEMENTS

7.01 Conduct of Business; No Employees. From the date hereof until the dissolution and liquidation of the Company pursuant to Article X hereof, the Company, Toro Sub and HDF Sub shall (a) act in good faith and use commercially reasonable efforts to maintain the value of the Company's assets and not permit the Shares or any of the Company's assets to become subject to any lien other than liens as may be provided for in the Credit Agreement, (b) continue to operate the business, activities and practices of the Company in the ordinary course of business, and (c) use their respective commercially reasonable efforts to preserve the business organization of the Company, and to preserve the goodwill of customers and others with whom material business relationships exist. The Company shall have no employees at any time.

7.02 Technology. Any processes, techniques, hardware, software, copyrights, patents, practices or other intellectual property which are owned or used by either Member or any of its Affiliates and used by such Member or Affiliate in the performance of its obligations under this Agreement or any of the other Definitive Agreements and which are proprietary to such Member or Affiliate including the System Technology of either HDF or Toro (collectively, the "Technology"), shall be and at all times shall remain the property of such Member or Affiliate or property of the licensor thereof, and neither the other Member nor any of its Affiliates nor the Company shall have any interest in such Technology, except to the extent expressly provided to the contrary in one or more of the Definitive Agreements. "System Technology" means the hardware and software (including the operating system software, the source code and the machine code, and including software owned by a Member and its Affiliates and third party licensed software) used by a Member or its Affiliates to provide the services under a Services Agreement, together with all written manuals and other documentation for system use (which are internally written or produced by a Member or an Affiliate or licensed to a Member or an Affiliate), diagnostic processes, security procedures, data information, file arrays, database systems, processing procedures, program logic, data manipulation formats, data manipulation and processing routines including, but not limited to, (a) internal programming processing logic, (b) software logic, software formatting and software sequencing for (i) invoice purchasing, (ii) cash application, (iii) invoice purchase approval, (iv) the development and use of rates and terms, (v) credit underwriting, (vi) portfolio control, and (vii) floor check collateral verifications, and (c) third-party licensed products, but excluding system generated reports, forms of billing statements, forms of transaction statements and any information not subject to copyright (or which is not otherwise proprietary to a Member or its Affiliates) related to such hardware and software, as such may be modified, expanded or superseded from time to time.

Any Technology developed by a Member or any of its Affiliates in connection with the operation of the Company, which relates to services provided by HDF or Toro, respectively, shall be deemed to be the property of HDF or Toro, respectively, and such Technology shall not be deemed property of the Company; provided, however, that if such Technology is developed for use by the Company at the request of the Company, or if substantially all of the cost of developing such Technology is paid by the Company, then (subject to the last sentence of this Section 7.02) HDF or Toro, as appropriate, shall permit the Company to replicate for its own use such Technology, and such replicated Technology shall be deemed to be property of the Company, and the Company shall have an independent, perpetual, non-exclusive, non-transferable right to use such replicated Technology. Notwithstanding the foregoing, the Company shall be permitted to replicate the Technology only to the extent that HDF or Toro is the owner of such Technology or, with respect to all such Technology not owned by HDF or Toro, has the legal right to permit the Company to replicate such Technology.

7.03 Trade Names. Subject to the terms of the Trademark License Agreements, neither Member shall obtain any rights in any trade name of the other Member or any of its Affiliates by virtue of this Agreement or as a result of the formation and operation of the Company. The Company shall not use the name, fictitious or otherwise, of either Member or any Affiliate of either Member without the consent of such entity, which consent may be withheld in the sole discretion of any such entity. Upon dissolution and completion of the winding-up of the Company, Toro Sub shall succeed to the name "Red Iron Acceptance, LLC" and neither HDF nor HDF Sub shall have any rights thereto.

7.04 Insurance. Each of the Members shall cause its respective parent entity to provide at its own expense directors and officers liability insurance for its Designated Managers in a policy amount of not less than $5,000,000. The Members agree to cooperate with each other in coordinating the defense of litigation whenever the interests of the members of the Management Committee are aligned.

7.05 Confidentiality. During the term of the Company and for a period of two years thereafter, each Member shall, and shall cause its officers, directors, employees, representatives and agents to keep any nonpublic information which the other Member treats or designates as confidential (including the Technology and System Technology), any nonpublic information concerning the formation and operation of the Company or the particulars thereof, and any other nonpublic information set forth in the Definitive Agreements or in other documents concerning the Company or relating to the performance by the Members of any of the Definitive Agreements ("Confidential Information"), strictly confidential and not disclose any such information to any person (except for such Member's financial and legal advisors, lenders and accountants responsible for or actively engaged in the review, performance or development of the Business), or use any such information in the business of such Member. The Members and their Affiliates will be deemed to have fulfilled their obligations hereunder if they exercise the same degree of care to preserve and safeguard such Confidential Information as Toro and HDF, respectively, use to preserve and safeguard their own confidential information, provided that upon discovery of any inadvertent disclosure of any Confidential Information, the Member making such inadvertent disclosure endeavors to prevent further use of such information and attempts to prevent similar future inadvertent disclosures. Notwithstanding the foregoing, neither Member will be liable for any disclosure or use of any of the disclosing Member's Confidential Information if such information is (a) publicly available or later becomes publicly available to such Member other than through a breach of this Agreement, (b) already previously known on the date such information is disclosed, (c) subsequently lawfully obtained by such Member from a third party who does not have an obligation to keep such information confidential, (d) independently developed by such Member without the use of the disclosing Member's Confidential Information as evidenced in writing, (e) disclosed pursuant to a valid regulatory or judicial order, decree, subpoena, or other process or requirement of law or regulation (including any requirements of any national securities exchange where such Member's securities are listed), provided that the Member disclosing such information to such court, governmental entity or regulatory authority shall give notice to the original disclosing Member in writing in advance thereof so the original disclosing Member may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 7.05 and the Member disclosing the information shall disclose only that portion of the Confidential Information that counsel to such Member disclosing the information advises is legally required to be disclosed, (f) disclosed in connection with an audit or examination of records conducted in the ordinary course of such Member's business by a governmental or regulatory authority (including any national securities exchange where such Member's securities are listed) with jurisdiction thereover, or by independent certified public accountants, provided that such governmental or regulatory authority or accountants shall have been advised of the confidential nature of such information, or (g) expressly released from the restrictions of this Section 7.05 by the original disclosing Member in writing. Each Member recognizes and acknowledges that the injury to the Company and the other Member which would result from a breach of the provisions of this Section 7.05 could not adequately be compensated by money damages. The Members expressly agree and contemplate, therefore, that in the event of the breach or default by either Member of any provision of this Section 7.05, the Company or the other Member may, in addition to any remedies which it might otherwise be entitled to pursue, obtain such appropriate injunctive relief in support of any such provision of this Agreement. For purposes of this Section 7.05, references to a Member shall be deemed to include that Member's Affiliates.

7.06 Publicity. Neither Toro Sub nor HDF Sub nor any of their respective Affiliates shall make any public announcement or other disclosure to the press or public regarding this Agreement or the Company or any matter related hereto or thereto, unless Toro Sub and HDF Sub mutually agree to make an announcement in a form that both Members have approved. Notwithstanding the foregoing, to the extent a Member (or its Affiliate) is required by law, including the Federal securities laws, or the rules of a national securities exchange applicable to such Member (or such Affiliate) to make a public announcement regarding this Agreement or the Company or any matter related hereto or thereto, then such Member (or such Affiliate) may make a public announcement in order for such Member (or such Affiliate) to duly comply with such law or rule, provided that such Member (or such Affiliate) gives notice to the other Member of such public announcement promptly upon such Member (or such Affiliate) becoming aware of its need to comply with such law or rule, but, in any event, not later than the time the public announcement is to be made.

7.07 Dispute Resolution.

(a) If any controversy or claim arising out of or relating to the interpretation of this Agreement, or the existence or extent of, a breach of any duties hereunder (but exclusive of Section 7.02 (technology), Section 7.05 (confidentiality), Section 7.06 (publicity), Section 11.02 (indemnities), Section 11.04 (governing law) and Section 11.16 (waiver of jury trial)) shall arise between the Members, or if the Members shall be unable to agree as to the determination of any accounting matter or other computation expressly contemplated by this Agreement (all such disputes and failures to agree, the "Arbitrable Disputes"), then either Member may request, by giving written notice to the other Member (the "Request Notice"), that the Officers confer within five business days regarding the Arbitrable Dispute. The Officers shall confer in good faith and use all reasonable efforts to resolve the Arbitrable Dispute. For purposes of this Section 7.07, "Officers" shall mean the President of Toro and the person to whom the President of HDF directly reports, provided, however, that neither such individual is or ever has been a member of the Management Committee. If either such individual is or has been a member of the Management Committee, then the "Officer" for the applicable Member shall be a senior executive officer of such Member who is not and has not ever been a member of the Management Committee, who is reasonably acceptable to the other Member.

(b) If the Officers do not resolve the Arbitrable Dispute within ten business days after delivery of the Request Notice, then the Arbitrable Dispute shall be submitted to mediation and then arbitration in accordance with the procedures set forth below in this Section 7.07.

(c) Arbitrable Disputes will be submitted to mediation (assuming other good faith attempts to resolve the dispute have failed) prior to submitting such claim to arbitration pursuant to this Section 7.07. The mediation will take place in Minneapolis, Minnesota, unless the Members agree to conduct the mediation at another location. If the Members are unable to agree upon a mediator, each Member will select a mediator, which mediators in turn will select the mediator of the dispute. Each Member's representation at the mediation will include a business representative having full settlement authority. The Members will use best efforts to schedule the mediation within 30 days after delivery of the Request Notice. Any mediation will be non-binding and all statements, whether oral or in writing, that are made as part of any mediation will be subject to Federal Rule of Evidence 408 and cannot be used by either party in any subsequent arbitration in a manner prohibited by Federal Rule of Evidence 408. The Members acknowledge that they agree to mediate disputes in hopes of amicably resolving the matter before incurring significant attorneys' fees which may act as a barrier to settlement of the dispute at a later time. Accordingly, the Members will mediate in good faith and use reasonable efforts to reach a resolution of the matter.

(d) If the Members are unable to resolve an Arbitrable Dispute through mutual cooperation, negotiation or mediation, such Arbitrable Dispute will be finally resolved by arbitration by a single arbitrator in accordance with the Commercial Arbitration Rules, except as otherwise provided herein, of the American Arbitration Association ("AAA") but without intervention of the AAA. The arbitration will take place in Minneapolis, Minnesota, unless the Members agree to conduct the mediation at another location. If the Members are unable to agree upon an arbitrator, each Member will select an arbitrator, which arbitrators in turn will select the arbitrator of the dispute. The arbitrator of the dispute shall be an accountant, attorney or retired judge with a working knowledge of the commercial inventory finance industry.

(e) The Members agree to facilitate the arbitration by: (a) conducting arbitration hearings to the greatest extent possible on successive, contiguous days; and (b) observing strictly the time periods established by the applicable rules and procedures or by the arbitrator for the submission of evidence and briefs. Discovery in the arbitration shall be as limited as reasonably possible and in no event will a Member be entitled to take more than three depositions (each deposition completed in no more than seven hours), ask more than ten narrowly focused interrogatories (sub-parts of an interrogatory deemed as a separate interrogation), or make more than fifteen narrowly focused document requests (sub-parts of a request deemed as a separate request). Any up-front fees payable to the arbitrator or like up-front fees will be divided equally between the Members.

(f) The arbitrator shall have the authority to award relief under legal or equitable principles and to allocate responsibility for the costs of the arbitration and to award recovery of reasonable attorney's fees and expenses to the prevailing Member. A full and complete record and transcript of the arbitration proceeding shall be maintained. The arbitrator shall issue a reasoned decision.

(g) Each Member shall have five business days to object to the arbitrator's decision, or any part thereof, by written submission made to the arbitrator and the other Member shall have five business days to submit a written response to the objection. The arbitrator may hold a hearing regarding any objection if deemed appropriate by the arbitrator. In the event an objection is submitted, the arbitrator shall issue a supplemental reasoned decision addressing all objections. Thereafter, the decision of the arbitrator shall be final, binding and nonappealable and shall be reviewable only to the extent provided by law.

(h) If either Member brings or appeals any judicial action to vacate or modify any award rendered pursuant to arbitration or opposes the confirmation of such award and the Member bringing or appealing such action or opposing confirmation of such award does not prevail, such Member shall pay all of the costs and expenses (including court costs, arbitrators' fees and expenses and reasonable attorneys' fees) incurred by the other Member in defending such action. Additionally, if either Member brings any action for judicial relief of an Arbitrable Dispute in the first instance without pursuing arbitration prior thereto, the Member bringing such action for judicial relief shall be liable for and shall immediately pay to the other Member all of the other Member's costs and expenses (including court costs and reasonable attorneys' fees) in the event the other Member successfully moves to stay or dismiss such judicial action or compel it to arbitration. The failure of either Member to exercise any rights granted hereunder shall not operate as a waiver of any of those rights. This Agreement concerns transactions involving commerce among the several states. The arbitrator will not be empowered to award punitive, exemplary, or, except in the case of fraud, bad faith, willful misconduct or gross negligence, indirect or consequential damages. The arbitrator will decide if any inconsistency exists between the rules of the applicable arbitral forum and the arbitration provisions contained herein. If such inconsistency exists, the arbitration provisions contained herein will control and supersede such rules. The agreement to arbitrate will survive termination of this Agreement.

(i) The initiation of the dispute resolution procedures in this Section 7.07 shall not excuse either Member, or any of its respective Affiliates, from performing its obligations hereunder or under any of the other Definitive Agreements or in connection with the transactions contemplated hereby. While the dispute procedure is pending, the Members and their respective Affiliates shall continue to perform in good faith their respective obligations hereunder and under the other Definitive Agreements, subject to any rights to terminate this Agreement or the other Definitive Agreements that may be available to the Members or their respective Affiliates.

(j) The provisions of this Section 7.07 shall be the exclusive process for all Arbitrable Disputes. The terms of this Section 7.07 shall be without prejudice to the rights of each Member to obtain recovery from, or to seek recourse against, the other Member (or otherwise), in such manner as such Member may elect (but subject to Section 11.16) for all claims, damages, losses, costs and matters other than those related to Arbitrable Disputes.

7.08 Alternate Dispute Resolution.

(a) In the event:

(i) service levels provided by either the HDF Services Agreement or the Toro Services Agreement become a continuing matter of dispute between the Members;

(ii) matters of credit policy, credit decisions or matters of credit administration made by or presented to the Management Committee become a continuing matter of material dispute between the Members;

(iii) the Management Committee is evenly divided with regard to appointment of a General Manager, as described in Section 6.02(a); or

(iv) the Management Committee is evenly divided on a matter regarding the approval of the Company budget as described in Section 6.02(f);

a Member may send a notice ("Dispute Resolution Notice") to the other Member of its desire to utilize the provisions of this Section 7.08 to address the issue ("Issue") described in the Dispute Resolution Notice. Such Dispute Resolution Notice shall identify with particularity the Issue to be addressed and the notifying Member's suggestion for resolving the issue.

(b) Within 15 days after the receipt of a Dispute Resolution Notice, the Management Committee shall meet to discuss the Issue raised in the Dispute Resolution Notice and the desired request for change. The General Manager will be responsible for preparing and making available to the Members any information regarding such Issue requested by either Member. If the Management Committee agrees to a resolution of the Issue raised in a Dispute Resolution Notice, such resolution shall be documented in the minutes of the Management

Committee and appropriate amendments made to any agreement, policy or other documents required to evidence such resolution.

(c) If, (i) within 15 days after convening a meeting of the Management Committee to address an Issue, the Management Committee is unable to agree to an acceptable resolution of such Issue; (ii) the Management Committee is deadlocked with regard to appointment of a General Manager as described in Section 6.02(a) or (iii) the Management Committee is evenly divided on a matter regarding approval of the Company budget as described in Section 6.02(f) (each, a "Disputed Matter"), then either Member may request, by giving notice to the other Member, that the Officers (as defined in Section 7.07(a)) confer within five business days regarding the issue. The Officers shall confer in good faith and use all reasonable efforts to resolve the Disputed Matter. If the Officers do not resolve the Disputed Matter within ten business days after the delivery to them of notice of the Disputed Matter, the Disputed Matter shall be submitted to mediation in accordance with the procedures described in Section 7.07(c).

(d) If the Members are unable to resolve an Issue described in Section 7.08(a) through mutual cooperation, negotiation or mediation, within 30 days after delivery of the Dispute Resolution Notice relating to such Issue, the Member which originally served the Dispute Resolution Notice relating to such Issue shall have the right to terminate this Agreement, provided that such notice of termination must be given within 60 days after delivery of the Dispute Resolution Notice related to the Issue. Failure to timely send such notice of termination will be deemed a waiver by the notifying party of its right to terminate the Agreement as a consequence of such Issue.

Article VIII
BOOKS AND RECORDS

8.01 Bank Accounts. At the direction of the Management Committee, the Company has the authority to open bank accounts and designate signatories with respect thereto on behalf of the Company and may authorize agents and independent contractors of the Company to open such bank accounts as deemed necessary or desirable for the conduct of the Business. The Company bank accounts shall be maintained on behalf of the Company as segregated accounts and shall not be commingled with the funds of any person other than the Company. The Company's excess funds may be invested in the manner established by the Management Committee from time to time.

8.02 Books of Account.

(a) HDF Sub shall cause to be kept full and proper ledgers and other books of account of all receipts and disbursements and the following financial reports or information shall be provided to each Member:

(i) within a reasonable time after the end of each calendar month and consistent with past practices of the Business, but in any event within ten days thereafter, the unaudited balance sheet and the related statements of income of the Company, prepared in accordance with GAAP, applied on a consistent basis, as of the end of, and for, such month and the fiscal year-to-date;

(ii) within a reasonable time after expiration of each fiscal year and consistent with past practices of the Business, the balance sheet and the related statements of income and cash flows of the Company and a statement of Capital Accounts and changes thereto, each prepared in accordance with GAAP, applied on a consistent basis, accompanied by all necessary tax reporting information required by each of the Members for preparation of its Federal, state and local income tax returns, including each Member's allocable share of income, gain, loss, deductions and credits for such fiscal year;

(iii) promptly, but in no event more than ten days following the end of each calendar month and consistent with past practices of the Business, a monthly operating summary of the Company's activities in a form to be agreed upon by Toro Sub and HDF Sub;

(iv) on an annual basis, an annual budget for the Company; and

(v) within a reasonable period of time after a request, such other financial information as to the Company as any Member shall reasonably request.

The tax returns of the Company will be maintained at the offices of HNB in Columbus, Ohio. All other ledgers, books of account and financial statements shall be maintained at the offices of HDF in Schaumburg, Illinois. Such records may be kept electronically or in physical copy.

HDF Sub shall certify on behalf of the Company that the financial information provided in subsections (i) through (iv) above (1) has been prepared in accordance with the books of account and other financial records of the Company, (2) presents fairly the financial condition and results of operations of the Company as of the date thereof or for the periods covered thereby, (3) has been prepared in accordance with GAAP, applied on a consistent basis, and (4) includes, with respect to annual financial statements, all adjustments that are necessary for a fair presentation of the financial condition of the Company as of the dates thereof or for the periods covered thereby and that there are no material adjustments with respect to quarterly financial statements.

(b) Upon reasonable notice, the Company shall and shall cause each of its officers, agents, accountants and counsel to: (i) afford the officers, authorized agents, accountants, counsel and representatives of the Members and their Affiliates reasonable access, during normal business hours, to the offices, properties, other facilities, books and records of the Company and to those officers, agents, accountants and counsel of the Company who have any knowledge relating to the Company or the Business and (ii) furnish to the officers, authorized agents, accountants, counsel and representatives of the Members and their Affiliates such additional financial and operating data and other information regarding the Business and the assets, properties and goodwill of the Company as the Members or their Affiliates may from time to time reasonably request. The parties shall use commercially reasonable efforts to minimize any disruption to the Business resulting from this Section 8.02.

(c) The accounting policies, tax policies, methods or practices of the Company shall at all times not be inconsistent with those of HDF. The Company will notify Toro Sub if any material changes are made to the Company's accounting policies, tax policies, methods or practices for the purpose of making them consistent with those of HDF (other than as a result of changes in GAAP, applicable law or binding interpretations thereof).

(d) The Company's fiscal year end shall be December 31.

8.03 Registered Independent Public Accounting Firm. If the Management Committee determines that the Company needs to engage a registered independent public accounting firm, the Company shall retain, at its sole cost and expense, PricewaterhouseCoopers, LLP to be such registered independent public accounting firm for the Company; provided, however, that HDF Sub, in the exercise of its reasonable discretion, shall be permitted to cause the Company instead to retain such other registered independent public accounting firm of national repute as may, from time to time, be the auditor for HDF Sub's ultimate parent entity (the "Accountant"). The fees and expenses of the Accountant shall be paid by the Company.

Article IX
TRANSFER OF MEMBER INTERESTS

9.01 No Transfer. No Member may sell, assign, transfer, give, hypothecate or otherwise encumber, directly or indirectly, by operation of law or otherwise (including by merger, consolidation, dividend or distribution) (any such sale, assignment, transfer, gift, hypothecation or encumbrance being hereinafter referred to as a "Transfer"), any Shares or any interest of any kind therein or derived therefrom, except upon the prior written consent of the other Member. Any Transfer of any Shares in contravention of this Article IX shall be null and void.

9.02 New Members. Subject to the unanimous approval of the Members, no person not then a Member shall become a Member. The admission of any person as a Member under any of the provisions hereof shall be conditioned upon such person expressly assuming and agreeing to be bound by all of the terms and conditions of this Agreement. All reasonable costs and expenses incurred by the Company in connection with any Transfer and, if applicable, the admission of a person as a Member hereunder, shall be paid by the transferor. Upon compliance with all provisions hereof applicable to such person becoming a Member, the other Member agrees to execute and deliver such amendments hereto as are necessary to constitute such person a Member of the Company.

9.03 Toro Sub Purchase Option. Toro Sub shall have the option to purchase all, but not less than all, of the Shares owned by HDF Sub or its transferees on the Closing Date (as hereinafter defined), at the end of the Initial Term or the next succeeding Additional Term (the "End of Term Option"), or upon the termination of the Company pursuant to Section 10.01 (other than pursuant to Section 10.01(f) or (g)) (the "Termination Event Option" and collectively with the End of Term Option, the "Toro Sub Purchase Option"), in each case pursuant to this Section 9.03.

(a) Purchase Price.

(i) If Toro Sub exercises the End of Term Option, the purchase price to be paid for by Toro Sub to HDF Sub for the Shares owned by HDF Sub shall be the sum of **[***]**; upon payment of the purchase price, the Deficit Loan made by Toro Sub to HDF Sub shall be deemed to have been paid in full. For purposes of this Agreement, the term "Toro Sub Purchase Premium" shall mean an amount equal to **[***]**% of the Average Net Receivables held by the Company.

"Average Net Receivables" shall be the mean of the average of the beginning and ending receivable balances for each of the months included in the calculation and shall be calculated for the 12-month period immediately preceding the Closing Date.

(ii) If Toro Sub exercises the Termination Event Option pursuant to a termination of the Company under Section 10.01(a), the purchase price shall be the greater of (A) the purchase price calculated under Section 9.03(a)(i) above, and (B) the fair market value of the Shares owned by HDF Sub as of the Closing Date, as determined by an independent third party expert mutually agreeable to Toro Sub and HDF Sub.

(iii) If Toro Sub exercises the Termination Event Option pursuant to any other termination of the Company under Section 10.01, the purchase price shall be the fair market value of the Shares owned by TCFIF as of the Closing Date, as determined by an independent third party expert mutually agreeable to Toro Sub and HDF Sub.

(iv) "Closing Date" shall mean (A) for purposes of the End of Term Option, the last date of the Initial Term or the next succeeding Additional Term, as applicable; and (B) for purposes of the Termination Event Option, the date mutually agreed to by Toro Sub and HDF Sub, not to exceed 120 days from the date Toro Sub provides the notice required by Section 9.03(b)(ii).

(b) Notice of Exercise; Closing.

(i) Toro Sub shall exercise the End of Term Option, if at all, by giving written notice to such effect to HDF Sub either (i) during the 31-day period commencing on October 1 of the year prior to the calendar year in which the Initial Term expires, or (ii) during the 31-day period commencing on the date which is thirteen (13) months prior to the end of each Additional Period; provided, however, if HDF Sub gives notice of its election not to renew the term of the Company pursuant to Section 1.04, Toro Sub shall have ninety (90) days after receipt of such notice within which to exercise the End of Term Option.

(ii) Toro Sub shall exercise the Termination Event Option, if at all, by giving written notice to such effect to HDF Sub at the time of the events giving rise to the applicable termination event, or as soon as reasonably practicable thereafter. Upon Toro Sub's delivery of such notice, no Termination Event (as hereinafter defined) shall have occurred, no Termination Payment (as hereinafter defined) shall be payable and the Members shall cooperate to effect an orderly transfer of the Shares to Toro Sub (including causing the Credit Agreement to continue through the Closing Date) and to consummate the closing on the Closing Date; provided, that if the closing is not consummated for any reason, then such Termination Event shall be deemed to have occurred and the related Termination Payment, if any, shall be due.

(iii) Contemporaneously with the closing on the Closing Date, Toro Sub shall cause the Company to repay to TCFIF all indebtedness under the Credit Agreement.

Article X
TERMINATION

10.01 Dissolution. Subject to Toro Sub's exercise of the Toro Sub Purchase Option under Section 9.03, the Company shall be dissolved and its business wound up as provided in Section 10.04 following the occurrence of any of the following events, whichever shall first occur (the "Termination Date"):

(a) the dissolution, liquidation or final adjudication as bankrupt or the filing of a voluntary petition in bankruptcy of Huntington Bancshares Incorporated, a Maryland corporation ("HBAN"), HNB, HDF, or Toro;

(b) the final adjudication as bankrupt or the filing of a voluntary petition in bankruptcy of the Company;

(c) an election by a Member or any of its Affiliates to terminate any of the Definitive Agreements by reason of default of the other Member or any of such other Member's Affiliates thereunder (other than failure of a Member to make a Capital Contribution pursuant to this Agreement as to which a Deficit Loan has been made by the other Member);

(d) upon the election of a Member following the transfer by the other Member of its Shares (other than to an Affiliate of such Member or in accordance with Article IX hereof);

(e) upon the election of a Member following the sale, assignment or encumbrance of any part of the equity interest in other Member held by the parent of such other Member (other than to an Affiliate of such Member);

(f) the end of the term of the Company;

(g) upon delivery of a notice of termination in accordance with the provisions of Section 7.08(d);

(h) upon election of a Member to dissolve due to non-viability of the Company. For purposes of this Agreement, (i) "non-viability" shall mean (A) failure of the Company to achieve a minimum four quarter rolling return average for each four-quarter period ending after the second anniversary of the initial closing of a purchase by the Company under the initial Receivable Purchase Agreement of **[***]**% of pre-tax return on assets or such other return as may hereafter be agreed upon in writing by the Members or (B) agreement of the Members to the effect that the equity requirements of the Company exceed the sum of **[***]**; and (ii) "pre-tax return on assets" shall mean a quotient, (A) the numerator of which is equal to the product of (1) the pre-tax income of the Company from the first day of the first calendar month covered by such calculation, divided by the number of calendar months included in the period covered by such calculation, multiplied by (2) 12, and (B) the denominator of which is equal to (1) the sum of the monthly Average Net Receivables for each calendar month included in the period covered by such calculation, divided by (2) the number of calendar months included in the period covered by such calculation.)

(i) upon the election of a Member due to the acquisition of the other Member or its direct or indirect parent (or in the case of HDF Sub, HNB) by a competitor of the direct or indirect parent company of the electing Member;

(j) upon election of a Member in the event that a controlling interest in the ultimate parent of the other Member (or in the case of HDF Sub, HNB) were to be directly or indirectly acquired by a third party, provided that notice of such election is given to such other Member within 12 months after the electing Member has notice of the acquisition, such dissolution to be effective not earlier than two years after the delivery of such notice, subject to the potential earlier termination of the Company at the end of the then current term; or

(k) the mutual written consent thereto of all of the Members.

Dissolution will not be complete until the Company has been wound-up after collecting or charging off all receivables of the Company and discharging all debts of the Company with Company assets or as a result of pursuing the obligations of the Members.

10.02 Termination Payment. In the event of a dissolution of the Company on account of an event described in Section 10.01(c), (d) or (e), the other Member shall pay to the Member electing to dissolve the Company a termination payment (the "Termination Payment") as follows:

(a) if the termination occurs with more than two years remaining in the Initial Term, then an amount equal to (i) $**[***]** (in the case of a Termination Payment to be made by HDF Sub) or (ii) $**[***]** (in the case of a Termination Payment to be made by Toro Sub);

(b) if the termination occurs with more than one but two or less years remaining in the Initial Term, then an amount equal to (i) $**[***]** (in the case of a Termination Payment to be made by HDF Sub) or (ii) $**[***]** (in the case of a Termination Payment to be made by Toro Sub);

(c) if the termination occurs with one year or less remaining in the Initial Term, then an amount equal to (i) $**[***]** (in the case of a Termination Payment to be made by HDF Sub) or (ii) $**[***]** (in the case of a Termination Payment to be made by Toro Sub).

Such Termination Payment shall be paid no later than 30 days after the Member electing to dissolve the Company delivers notice thereof to the other Member.

10.03 Distributions upon Dissolution. Upon the dissolution of the Company as a result of any of the events set forth in Section 10.01, the Management Committee (or, if dissolution should occur by reason of an event of default under Section 10.01(a) or (d), the remaining Member) shall proceed, subject to the provisions herein, to liquidate the Company and apply the proceeds in such liquidation, or in their sole discretion to distribute Company assets, in the following order of priority:

(a) first, to the payment of secured debts and secured liabilities of the Company;

(b) second, to the payment of expenses of liquidation;

(c) third, to the payment of ordinary unsecured debts and liabilities owing to third parties;

(d) fourth, to the payment of all unsecured indebtedness owing to the Members or their Affiliates;

(e) fifth, to the payment of all obligations under the HDF Services Agreement and the Toro Services Agreement;

(f) sixth, to the payment of all obligations under any of the other Definitive Agreements;

(g) seventh, to any reserves deemed necessary by the Management Committee for contingent or unforeseen liabilities of the Company;

(h) eighth, to the Members pro rata in accordance with their Capital Account balances.

Any distribution to a Member shall be subject to the provisions of Section 2.04 and to set-off for any damages to the Company by a default by such Member in the payment or performance of any of the obligations of such Member owing to the Company.

10.04 Time for Liquidation. The Members acknowledge that any liquidation of assets of the Company must be handled in such a manner as to minimize the impact of such liquidation on the business of Toro and its Affiliates and agree, subject to the provisions of the following sentence, if so requested by Toro Sub to continue the Business for a period of up to the later of one year following the Termination Date, or, if such date shall occur in the months of February through June, until June 30 of the year following the Termination Date during which time the Members acknowledge that (a) the Company will no longer be entitled to any exclusive rights to provide floor plan and open account financing to Toro dealers and distributors and (b) HDF shall no longer be bound to its obligations under Section 2.3(b) of the Joint Venture Agreement. Following the cessation of the Business as contemplated by the preceding sentence, a reasonable time period shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Members to reasonably minimize the losses attendant upon such liquidation.

10.05 Members Not Personally Liable for Return of Capital Contributions. Neither of the Members nor any of their respective Affiliates shall be personally liable for the return of the Capital Contributions of any Member and such return shall be made solely from available Company assets, if any, and each Member hereby waives any and all claims it may have against the other Member in this regard.

10.06 Final Accounting. In the event of the dissolution of the Company, prior to any liquidation, a proper accounting shall be made to the Members from the date of the last previous accounting to the date of dissolution.

10.07 Cancellation of Certificate. Upon the completion of the distribution of the Company's assets upon dissolution of the Company, the Company and this Agreement (other than such provisions which, by their terms or nature, survive such transaction) shall be terminated, all Shares shall be cancelled and the Managers shall cause the Company to execute and file a Certificate of Cancellation in accordance with Section 18-203 of the Act.

Article XI
MISCELLANEOUS

11.01 Further Assurances. Each Member agrees to execute, acknowledge, deliver, file, record and publish such further certificates, amendments to certificates, instruments and documents, and do all such other acts and things as may be required by law, or as may be required to carry out the intent and purposes of this Agreement.

11.02 Indemnities.

(a) The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that he is or was a Member, Manager, Partnership Representative, Officer or any other officer of the Company, or is or was serving at the request of the Company as a director, officer or employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including reasonable attorneys' fees and expenses), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person seeking indemnification did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that he is or was a Member, Manager, Officer or any other officer of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including reasonable attorneys' fees and expenses) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) To the extent that a Member, Manager, Officer or any other officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in (a) and (b) of this Section 11.02, or in defense of any claim, issue or matter therein, he shall be indemnified by the Company against expenses (including reasonable attorneys' fees and expenses) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under (a) and (b) of this Section 11.02 (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the Member, Manager, Officer or any other officer, is proper in the circumstances because he has met the applicable standard of conduct set forth in such paragraphs (a) and (b). Such determination shall be made (i) by a Majority of the Managers who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable such quorum declines to take any action with respect to such determination, a quorum of at least two disinterested Managers (which shall include at least one Manager appointed by each Member unless no such Managers are disinterested) so directs in reliance upon written advice of independent legal counsel.

(e) Expenses (including reasonable attorneys' fees and expenses) incurred by a Member, Manager, Officer or any other officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Company as such expenses are incurred in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Member, Manager, Officer or other officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Company pursuant to this Section 11.02.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 11.02 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any law, agreement, vote of Managers or disinterested Managers or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office.

(g) The Company may purchase and maintain insurance on behalf of any person who is or was a Member, Manager, Officer or any other officer or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such.

(h) The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 11.02 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Member, Manager, Officer or any other officer or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(i) No amendment to or repeal of this Section 11.02 shall apply to or have any effect on the rights of any person entitled to indemnification or other rights under the terms of this Section 11.02 prior to such amendment or repeal to the extent such indemnification or other rights relate, in whole or on part, to acts or omissions occurring prior to such amendment and repeal.

(j) The obligations of the parties described in Sections 11.02(k) through 11.02(m) shall survive the filing of a Certification of Cancelation by the Company.

(k) Each Member shall indemnify, defend and hold harmless the Company against all losses, costs, damages and expenses (including reasonable attorneys' fees and expenses) incurred by the Company as a result of such Member's breach of any of its representations, warranties or obligations hereunder; provided, however, that to the extent such breach is, or relates to, an Arbitrable Dispute, the Company and the Members shall have complied with the dispute resolution procedures set forth in Section 7.07.

(l) In the event a Member (including its past, present and future Affiliates, officers, directors, shareholders, employees, lawyers, representatives and agents) acting in good faith in a manner it reasonably believes to be (i) in or not opposed to the best interests to the Company and (ii) consistent with the terms of this Agreement shall pay or become obligated to pay any proper obligation of the Company, such Member (including such other persons specified above) shall be entitled to contribution from the other Member to the extent necessary so that, after giving effect to such contribution, such Member shall bear no more than that part of such obligation which corresponds to its respective Percentage Interest in the Company.

(m) Neither Member shall be responsible or liable to the other Member, any successor, assignee or third party beneficiary of such Member or any other Person asserting claims derivatively through such Member, for exemplary, punitive, or, except in the case of fraud, bad faith, willful misconduct or gross negligence, indirect or consequential damages that may be alleged as a result of any transaction contemplated hereunder.

11.03 Notices. Notices and all other communication provided for herein shall be in writing and shall be deemed to have been given to a Member at the earlier of (a) when personally delivered, (b) 72 hours after having been deposited into the custody of the U.S. Postal Service, sent by first class certified mail, postage prepaid, (c) one business day after deposit with a national overnight courier service, or (d) upon receipt of electronic mail (with a notice contemporaneously given by another method specified in this Section 11.03); in each case addressed as follows:

If to HDF Sub: Huntington Joint Venture I, LLC
1475 East Woodfield Road, Suite 1000
Schaumburg, IL 60173
Attention: Senior Associate General Counsel
Email: timothy.mcfadden@huntington.com

With a copy to:

and

Faegre Drinker Biddle & Reath LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402
Attention: Kate Sherburne
Email: kate.sherburne@faegredrinker.com

If to Toro Sub: Red Iron Holding Corporation
c/o The Toro Company
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: Treasurer
Email: zach.taylor@toro.com

With copies to:

The Toro Company
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: General Counsel
Email: legal@toro.com

and

Fox Rothschild LLP
City Center
33 S. Sixth Street, Suite 3600
Minneapolis, MN 55402
Attention: JT Schuweiler
Email: jschuweiler@foxrothschild.com

or to such other address as either Member may have furnished to the other Member in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

11.04 Governing Law; Jurisdiction. This Agreement shall be subject to and governed by the laws of the State of Delaware, without regard to conflicts of laws principles. Each of Toro Sub and HDF Sub hereby irrevocably submits to the non-exclusive jurisdiction of the Federal courts sitting in Minneapolis or St. Paul, Minnesota and any state court located in Hennepin County, Minnesota, and by execution and delivery of this Agreement, each party hereto accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of such courts with respect to any litigation concerning this Agreement or the other Definitive Agreements or the transactions contemplated hereby or thereby or any matters related thereto not subject to the provisions of Sections 7.07 and 7.08. Each Member irrevocably waives any objection (including any objection to the laying of venue or any objection on the grounds of forum non conveniens) which it may now or hereafter have to the bringing of any proceeding with respect to this Agreement or the other Definitive Agreements to the courts set forth above. Each Member agrees to the personal jurisdiction of such courts and that service of process may be made on it at the address indicated in Section 11.03 above. Nothing herein shall affect the right to serve process in any other manner permitted by law.

11.05 Headings; Section and Article References. The headings in this Agreement are inserted for convenience only and are not to be considered in the interpretation or construction of the provisions hereof. Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement: (a) the words "hereof," "herein" and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (b) the words "include" and "including" and words of similar import shall not be construed to be limiting or exclusive, (c) the word "or" shall have the meaning represented by the phrase "and/or" and (d) any contract (including each Definitive Agreement), instrument or law defined or referred to herein or in any contract or instrument that is referred to herein means such contract, instrument or law as amended, qualified or supplemented as of the applicable time, including (in the case of contracts and instruments) by waiver or consent and (in the case of laws) by succession of comparable successor laws and all attachments thereto and instruments incorporated therein Any pronoun used herein shall be deemed to cover all genders.

11.06 No Third-Party Beneficiaries. Except for rights in Section 11.02, and as set forth in Section 7.9 of the Joint Venture Agreement, (a) this Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and (b) this Agreement shall not be deemed to be for the direct or indirect benefit of any other person.

11.07 Limitation of Liability.

(a) This Agreement is not intended to, and does not, create or impose any fiduciary duty on (a) either Member; (b) any Affiliate or either Member; or (c) or the respective officers, directors, shareholders, partners, members, managers, employees, agents, or representatives of either Member or their Affiliates (each a "Covered Person"). Furthermore, each Member and the Company hereby waives any and all fiduciary duties that, absent such waiver, may be implied by applicable law, and in doing so, acknowledges and agrees that the duties and obligations of each Covered Person to each other and to the Company are only as expressly set forth in this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Covered Person.

(b) Whenever in this Agreement a Covered Person is permitted or required to make a decision (including a decision that is in such Covered Person's "discretion" or under a grant of similar authority or latitude), the Covered Person shall be entitled to consider only such interests and factors as such Covered Person desires, including such Covered Person's own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company, the Members, or any other person. Whenever in this Agreement a Covered Person is permitted or required to make a decision in such Covered Person's "good faith," the Covered Person shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or any other applicable law.

11.08 Extension Not a Waiver. No consent or waiver, expressed or implied, by either Member or any of their respective Affiliates to or of any breach or default by the other Member or any of its Affiliates in the performance by the other Member or any of its Affiliates of its obligations under this Agreement or any of the other Definitive Agreements to which it is a party shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by that Member or any of its Affiliates of the same or any other obligations of that Member or its Affiliates. Failure on the part of either Member or its Affiliates to complain of any act or failure to act on the part of the other Member or its Affiliates or to declare the other Member or its Affiliates in default, irrespective of how long the failure continues, shall not constitute a waiver by that Member or its Affiliates of its rights under this Agreement or the other Definitive Agreements.

11.09 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

11.10 Assignment. This Agreement shall be binding upon the Members and their respective successors and assigns and shall inure to the benefit of the Members and their respective successors and permitted assigns. Notwithstanding the foregoing, neither Member hereto shall be permitted to assign its rights or obligations hereunder without the prior written consent of the other Member. Whenever a reference to any party or Member is made in this Agreement, such reference shall be deemed to include a reference to the successors and permitted assigns of that party or Member.

11.11 Consents. Any consent or approval to any act or matter required under this Agreement must be in writing and shall apply only with respect to the particular act or matter to which such consent or approval is given, and shall not relieve any Member from the obligation to obtain the consent or approval, as applicable, wherever required under this Agreement to any other act or matter.

11.12 Disclaimer of Agency. This Agreement shall not constitute either Member (or any of its Affiliates) as a legal representative or agent of the other Member (or any of its Affiliates), nor shall a Member (or any of its Affiliates) have the right or authority to assume, create or incur any liability or any obligation of any kind, expressed or implied, against or in the name or on behalf of the other Member (or any of its Affiliates) or the Company, unless otherwise expressly permitted by such other Member, and except as expressly provided in any of the Definitive Agreements.

11.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

11.14 Person Defined. As used in this Agreement, "person" shall mean any individual, entity, estate, firm, corporation, partnership, association, limited liability company, joint-stock company, trust, unincorporated organization or association, or any other incorporated or unincorporated entity.

11.15 No Assumption in Drafting. The parties hereto acknowledge and agree that (a) each party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to contribute to its revision, and (b) each party has been represented by counsel in reviewing and negotiating such terms and provisions. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both parties hereto and not in favor or against either party.

11.16 Waiver of Jury Trial. EACH OF TORO SUB AND HDF SUB, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING TO THIS AGREEMENT OR ANY OTHER DEFINITIVE AGREEMENT IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER DEFINITIVE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. THIS WAIVER IS A MATERIAL INDUCEMENT FOR EACH MEMBER ENTERING INTO THIS AGREEMENT.

11.17 Amendments. This Agreement may be amended at any time and from time to time, but any amendment must be in writing and signed by all of the Members.

11.18 Entire Agreement. This Agreement, together with the other Definitive Agreements, contains all of the understandings and agreements of whatsoever kind and nature existing among the Members and their respective Affiliates with respect to this Agreement and the other Definitive Agreements, the subject matter hereof and of the other Definitive Agreements, and the rights, interests, understandings, agreements and obligations of the Members and their respective Affiliates pertaining to the subject matter hereof and thereof and the Company, and supersedes any previous agreements among the Members and their respective Affiliates.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

RED IRON HOLDING CORPORATION

/s/ Zachary Taylor
Name: Zachary Taylor
Title: Chief Financial Officer

HUNTINGTON JOINT VENTURE I, LLC

/s/ Sean P. Richardson
Name: Sean P. Richardson
Title: President

Schedule of Definitions

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AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT

DATED AS OF

JUNE 4, 2026

BETWEEN

RED IRON ACCEPTANCE, LLC

AND

HUNTINGTON DISTRIBUTION FINANCE, INC.

[PORTIONS HEREIN IDENTIFIED BY [***] HAVE BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE THE EXCLUDED INFORMATION IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED.]

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AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT

This AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (this "Agreement"), dated as of June 4, 2026, is entered into by and between:

RED IRON ACCEPTANCE, LLC, a Delaware limited liability company ("Borrower"), and

HUNTINGTON DISTRIBUTION FINANCE, INC. (previously known as TCF INVENTORY FINANCE, INC.), a Minnesota corporation ("Lender").

RECITALS

A. Borrower is a party to that certain Credit and Security Agreement, dated as of October 12, 2009 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"), by and between Borrower and Lender, pursuant to which Lender has made available certain extensions of credit.

B. Borrower has requested Lender to amend and restate the Existing Credit Agreement to make certain modifications, as set forth below.

C. Lender has agreed to make such amendment and restatement upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the above Recitals and the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION I
INTERPRETATION

1.01 Definitions. Unless otherwise indicated in this Agreement or any other Credit Document, each term set forth in Schedule 1.01, when used in this Agreement or any other Credit Document, shall have the respective meaning given to that term in Schedule 1.01 or in the provision of this Agreement or other Credit Document referenced in Schedule 1.01.

1.02 GAAP. Unless otherwise indicated in this Agreement or any other Credit Document, all accounting terms used in this Agreement or any other Credit Document shall be construed, and all accounting and financial computations hereunder or thereunder shall be computed, in accordance with GAAP. If GAAP changes during the term of this Agreement such that any covenants contained herein would then be calculated in a different manner or with different components, Borrower and Lender agree to negotiate in good faith to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Borrower's financial condition to substantially the same criteria as were effective prior to such change in GAAP; provided, however, that, until Borrower and Lender so amend this Agreement, all such covenants shall be calculated in accordance with GAAP as in effect immediately prior to such change.

1.03 Headings. Headings in this Agreement and each of the other Credit Documents are for convenience of reference only and are not part of the substance hereof or thereof.

1.04 Plural Terms. All terms defined in this Agreement or any other Credit Document in the singular form shall have comparable meanings when used in the plural form and vice versa.

1.05 Time. All references in this Agreement and each of the other Credit Documents to a time of day shall mean Chicago, Illinois time, unless otherwise indicated.

1.06 Governing Law. This Agreement and each of the other Credit Documents shall be governed by and construed in accordance with the laws of the State of Minnesota without reference to conflicts of law rules.

1.07 Construction. Each of this Agreement and the other Credit Documents is the result of negotiations among, and has been reviewed by, Borrower, Lender and their respective counsel. Accordingly, this Agreement and the other Credit Documents shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against Borrower or Lender.

1.08 Entire Agreement. This Agreement and each of the other Credit Documents, taken together, constitute and contain the entire agreement of Borrower and Lender and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

1.09 Calculation of Interest and Fees. All calculations of interest and fees under this Agreement and the other Credit Documents for any period shall include the first day and the last day of such period.

1.10 Other Interpretive Provisions. References in this Agreement to "Recitals," "Sections," "Exhibits" and "Schedules" are to recitals, sections, exhibits and schedules herein and hereto unless otherwise indicated. References in this Agreement and each of the other Credit Documents to any document, instrument or agreement (a) shall include all exhibits, schedules and other attachments thereto, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (c) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented in writing from time to time and in effect at any given time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement or any other Credit Document shall refer to this Agreement or such other Credit Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Credit Document, as the case may be. The words "include" and "including" and words of similar import when used in this Agreement or any other Credit Document shall not be construed to be limiting or exclusive. The word "or" when used in this Agreement or any other Credit Document shall have the meaning represented by the phrase "and/or."

SECTION II
CREDIT FACILITY

2.01 Revolving Loan Facility.

(a) Revolving Loan Availability. Subject to the terms and conditions of this Agreement, Lender agrees to advance to Borrower from time to time during the period beginning on the Closing Date and ending on October 31, 2031, or such earlier date on which the LLC Term shall end (such date or such earlier date, if applicable, the "Revolving Loan Maturity Date"), such loans as Borrower may request under this Section 2.01 (individually, a "Revolving Loan"); provided, however, that the aggregate principal amount of all Revolving Loans outstanding at any time shall not exceed the Commitment at such time. Except as otherwise provided herein, Borrower may borrow, repay and reborrow Revolving Loans until the Revolving Loan Maturity Date.

(b) Revolving Loan Borrowings. Borrower shall request each Revolving Loan by having a representative of Borrower request in writing (or by such other means as Lender and Borrower shall agree) to Lender a Revolving Loan, which request shall specify the principal amount of the requested Revolving Loan and the date of the requested Revolving Loan, which shall be a Business Day (any such request, a "Revolving Loan Borrowing Request"). Any Revolving Loan Borrowing Request received after 11:00 a.m. on a Business Day may not be honored until the next following Business Day (or such later time as may be specified in the Revolving Loan Borrowing Request).

(c) Revolving Loan Interest Rates. Borrower shall pay interest on the unpaid principal amount of each Revolving Loan from the date of such Revolving Loan until the Maturity thereof, at a rate per annum equal to the HDF Rate from time to time in effect. All computations of interest on Revolving Loans shall be based on a year of 365 days for actual days elapsed. If Lender desires to decrease the HDF Rate in order to comply with the requirements of Section 2.3(b) of the Joint Venture Agreement, such decrease shall be effective as of the date Lender or an Affiliate of Lender provides financing of the nature described in such Section 2.3(b) at a non-default interest rate lower than the HDF Rate then in effect.

(d) Scheduled Revolving Loan Payments. Unless sooner repaid, Borrower shall repay to Lender on the Revolving Loan Maturity Date the unpaid principal amount of each Revolving Loan made by Lender. Borrower shall pay accrued interest in arrears on the unpaid principal amount of each Revolving Loan (A) no later than the fifteenth day in each calendar month for the preceding calendar month, and (B) at Maturity.

(e) Purpose. Borrower shall use the proceeds of the Revolving Loans solely for Borrower's general business needs (including (i) the purchase of certain receivables from Toro, TCC, Toro International, Exmark and their Affiliates, or from third parties that have purchased receivables from Toro or its Affiliates (the "Purchased Receivables"), (ii) the funding of Borrower's financing programs for its customers, (iii) payment of expenses and other items incurred in the ordinary course of business (including payments of principal and interest under Section 2.01(d)) and (iv) distributions of "Distributable Cash" (as defined in the LLC Agreement) to the Members).

(f) Extension of Facility. So that the Members of Borrower may make a fully informed decision as to whether to continue Borrower's existence beyond the then-current LLC Term, Lender agrees to provide to Borrower, no later than fourteen (14) months prior to the expiration of the then-current LLC Term, written notice indicating Lender's intent with respect to the extension of the Revolving Loan facility and, if Lender intends to extend the Revolving Loan facility, the proposed material terms of such extension; provided, however, that failure to provide such notice by Lender shall not be a default of the terms of this Agreement and shall be deemed to be a declination of its willingness to extend the term of this Agreement.

2.02 Commitment, Commitment Reductions, Etc.

(a) Commitment. The aggregate principal amount of all Revolving Loans outstanding at a time shall not exceed the lesser of (x) the Borrowing Base and (y) $1,350,000,000 (or, if reduced pursuant to Section 2.02(b) or otherwise; the lesser amount to which reduced) (such lesser amount, as so reduced from time to time, to be referred to herein as the "Commitment").

(b) Reduction or Cancellation of the Commitment. Borrower may, upon three (3) Business Days' prior written notice to Lender, permanently reduce the Commitment by the amount of $1,000,000 or an integral multiple of $1,000,000 in excess thereof or cancel the Commitment in its entirety; provided, however, that (i) Borrower may not reduce the Commitment prior to the Revolving Loan Maturity Date, if, after giving effect to such reduction, the aggregate principal amount of all Revolving Loans then outstanding would exceed the Commitment, (ii) Borrower may not cancel the Commitment prior to the Revolving Loan Maturity Date, if, after giving effect to such cancellation, any Obligations would remain outstanding, and (iii) Borrower may reduce or cancel the Commitment in connection with a dissolution of Borrower under the terms of the LLC Agreement. Once reduced or cancelled, the Commitment may not be increased or reinstated without the prior written consent of Lender.

2.03 Prepayments.

(a) Optional Prepayments. At its option, Borrower may prepay, at any time and from time to time on a Business Day, any Revolving Loan in whole or in part.

(b) Mandatory Prepayments. If, at any time, the aggregate principal amount of all Revolving Loans then outstanding exceeds the Commitment at such time, Borrower shall prepay Revolving Loans in an aggregate principal amount equal to such excess (i) by the twentieth (20^{th}) day of the following month if such excess is greater than $500,000 or (ii) if less, by the end of the last day of such month. Lender acknowledges that under the terms of Section 2.03 of the LLC Agreement, required capital contributions to Borrower at the end of each month will be based upon estimates and that Borrower's Borrowing Base compliance as determined as of the end of any month will be dependent upon the accuracy of such estimates. Borrower shall not be deemed to be in breach of this covenant as a result of reliance on such estimates so long as it complies with the provisions set forth in this Section 2.03(b).

2.04 Other Payment Terms.

(a) Place and Manner. Borrower shall make all payments due to Lender hereunder without setoff, counterclaim or deduction by payments at Lender's office, located at the address specified in Section 8.01, or to such other place or account as Lender may designate from time to time in writing to Borrower, in lawful money of the United States and in same day or immediately available funds not later than 2:00 p.m. on the date due. Borrower shall establish various bank accounts, including a parent account, an electronic disbursements account, a manual collections account, an electronic collections account, and one or more Lock Box accounts. Each day, funds will be transferred electronically between the parent account and the electronic disbursement, manual collections, electronic collections and the Lock Box accounts so as to result in a zero balance in all accounts other than the parent account. The balance in the parent account, if positive, will be transferred electronically to Lender and applied pursuant to Section 2.04(d).

(b) Date. Whenever any payment due hereunder shall fall due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of interest.

(c) Late Payments. If any amounts required to be paid by Borrower under this Agreement or the other Credit Documents (including principal or interest payable on any Revolving Loan or other amounts) remain unpaid when due, Borrower shall pay interest on the aggregate outstanding balance of such amounts from the due date thereof until such amounts are paid in full at a per annum rate equal to the HDF Rate from time to time in effect plus two percent (2.00%) (or, if less, the maximum amount permitted by law), such rate to change from time to time as the HDF Rate shall change. All computations of such interest shall be based on a year of 365 days for actual days elapsed.

(d) Application of Payments. All payments hereunder shall be applied first to unpaid costs and expenses then due and payable under this Agreement or the other Credit Documents, second to accrued interest then due and payable under this Agreement or the other Credit Documents, and finally to reduce the principal amount of outstanding Revolving Loans.

(e) Application of Seller Credits. At Lender's request, Borrower shall pay all Seller Credits to Lender as soon as the same are received for application to the Obligations. At any time Lender is entitled to terminate the Commitment after the occurrence and during the continuance of an Event of Default under Section 6.01(f) or 6.01(g), Borrower authorizes Lender to collect such amounts directly from Sellers and, upon request of Lender, shall instruct Sellers to pay Lender directly.

2.05 Revolving Loan Note and Interest Account.

(a) Revolving Loan Note. The obligation of Borrower to repay the Revolving Loans and to pay interest thereon at the rates provided herein shall be evidenced by a promissory note in a form agreed to by Lender (the "Revolving Loan Note"). Lender shall record on its general ledger the date and amount of each Revolving Loan and of each payment or prepayment of principal and each payment of interest or other amounts thereon made by Borrower.

(b) Interest Account. Borrower authorizes Lender to record in an account or accounts maintained by Lender on its books (the "Interest Account") (i) the interest rates applicable to all Revolving Loans and the effective dates of all changes thereto, (ii) the date and amount of each principal and interest payment on each Revolving Loan and (iii) such other information as Lender may determine is necessary for the computation of interest payable by Borrower hereunder.

(c) Notations. Borrower agrees that all notations on the Schedule annexed to the Revolving Loan Note and the Interest Account shall constitute prima facie evidence of the matters noted absent manifest error; provided, however, that the failure of Lender to make any such notation shall not affect Borrower's Obligations.

2.06 Revolving Loan Funding. Unless otherwise directed by Borrower, Lender shall disburse the proceeds of each Revolving Loan to Borrower by disbursement to such account at such bank as Borrower may designate from time to time in writing to Lender from time to time.

2.07 Additional Compensation in Certain Circumstances; Increased Costs or Reduced Return Resulting from Taxes, Reserves, Capital Adequacy Requirements, Expenses, Etc. If, after the Original Closing Date, any change in any Requirement of Law, guideline or interpretation or application thereof by any Governmental Authority charged with the interpretation or administration thereof or compliance with any request or directive (whether or not having the force of a Requirement of Law) of any central bank or other Governmental Authority:

(a) subjects Lender to any Taxes or changes the basis of taxation with respect to this Agreement, the Revolving Loans or payments by Borrower of principal, interest, fees, or other amounts due from Borrower hereunder,

(b) imposes, modifies or deems applicable any reserve, special deposit or similar requirement against credits or commitments to extend credit extended by, or assets (funded or contingent) of, deposits with or for the account of, or other acquisitions of funds by, Lender, or

(c) imposes, modifies or deems applicable any capital adequacy or similar requirement (i) against assets (funded or contingent) of, or other credits or commitments to extend credit extended by, Lender, or (ii) otherwise applicable to the obligations of Lender under this Agreement,

and the result of any of the foregoing is to increase the cost to, reduce the income receivable by, or impose any expense (including loss of margin) upon Lender with respect to this Agreement or the making, maintenance or funding of any part of the Revolving Loans (or, in the case of any capital adequacy or similar requirement, to have the effect of reducing the rate of return on Lender's capital, taking into consideration Lender's customary policies with respect to capital adequacy) by an amount which Lender in its sole discretion deems to be material, Lender shall from time to time notify Borrower of the amount determined in good faith by Lender to be necessary to compensate Lender for such increase in cost, reduction of income, additional expense or reduced rate of return. Such notice shall set forth in reasonable detail the basis for such determination. Such amount shall be due and payable by Borrower to Lender ten (10) Business Days after such notice is given. If Lender fails to give such notice within three hundred sixty-five (365) days after it obtains knowledge of such event, Lender shall, with respect to compensation payable pursuant to this Section 2.07, only be entitled to payment for increase in cost, reduction of income, additional expense or reduced rate of return incurred from and after the date three hundred sixty five (365) days prior to the date that Lender does give such notice.

SECTION III
CONDITIONS PRECEDENT

3.01 Conditions Precedent to Effectiveness of Amendment and Restatement. The effectiveness of the amendment and restatement of the Existing Credit Agreement by this Agreement, and the occurrence of the Closing Date, is subject to receipt by Lender, on or prior to the Closing Date, of the following documents, each in form and substance satisfactory to Lender:

(a) This Agreement, duly executed by Borrower;

(b) The Revolving Loan Note payable to Lender, duly executed by Borrower;

(c) The Security Documents duly executed and delivered to Lender;

(d) The organizational documents of each of the Members;

(e) Certificate of Formation of Borrower;

(f) The Joint Venture Agreement duly executed by the parties thereto;

(g) The LLC Agreement duly executed by the parties thereto;

(h) A certificate of the general manager of Borrower, dated the Closing Date, certifying that attached thereto are true and correct copies of resolutions duly adopted by the Board of Managers of Borrower and continuing in effect, which authorize the execution, delivery and performance by Borrower of this Agreement and the other Credit Documents executed or to be executed by Borrower and the consummation of the transactions contemplated hereby and thereby;

(i) A certificate of the general manager of Borrower, dated the Closing Date, certifying the incumbency, signatures and authority of the members of the Board of Managers of Borrower or other officers of Borrower authorized to execute, deliver and perform this Agreement and the other applicable Credit Documents on behalf of Borrower; and

(j) Borrower shall have provided to Lender the documentation and other information requested by Lender in order to comply with requirements of the PATRIOT Act, the Beneficial Ownership Regulation and applicable “know your customer” and anti-money laundering rules and regulations.

3.02 Conditions Precedent to Each Revolving Loan. The obligation of Lender to make each Revolving Loan is subject to the further conditions that Lender shall have received the appropriate Revolving Loan Borrowing Request requesting such Revolving Loan, or request therefor shall otherwise have been made to Lender’s satisfaction, in accordance with the terms of this Agreement and that on the date such Revolving Loan is to be made and after giving effect to such Revolving Loan, the following shall be true and correct:

(a) The representations and warranties set forth in Section 4.01 are true and correct in all material respects (except for those representations and warranties that are conditioned by materiality, which shall be true and correct in all respects) as if made on such date;

(b) No Event of Default has occurred and is continuing that would permit Lender to terminate the Commitment;

(c) No Material Adverse Effect has occurred and is continuing; and

(d) Each of the Credit Documents remains in full force and effect.

3.03 Covenant to Deliver. Borrower agrees (not as a condition but as a covenant) to deliver to Lender each item required to be delivered to Lender as a condition to the making of each Revolving Loan. Borrower expressly agrees that the making of any Revolving Loan prior to the receipt by Lender of any such item shall not constitute a waiver by Lender of Borrower's obligation to deliver such item.

SECTION IV
REPRESENTATIONS AND WARRANTIES

4.01 Borrower's Representations and Warranties. To induce Lender to enter into this Agreement and to make Revolving Loans hereunder, Borrower represents and warrants to Lender that:

(a) Due Organization, Qualification, Etc. Borrower (i) is a limited liability company duly organized and validly existing under the laws of the state of Delaware; (ii) has the power and authority to own, lease and operate its properties and carry on its business as now conducted and as proposed to be conducted; and (iii) is duly qualified or licensed to do business in each jurisdiction where the nature of the business of Borrower requires such qualification or licensing and the failure to be so qualified or licensed could reasonably be expected to have a Material Adverse Effect.

(b) Authority. The execution, delivery and performance by Borrower of each Credit Document to be executed by Borrower and the consummation of the transactions contemplated thereby (i) are within the limited liability company power of Borrower and (ii) have been duly authorized by all necessary limited liability company actions on the part of Borrower (including Member action, if necessary).

(c) Enforceability. Each Credit Document executed, or to be executed, by Borrower has been, or will be, duly executed and delivered by Borrower and constitutes, or will constitute, a legal, valid and binding obligation of Borrower enforceable against Borrower in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(d) Non-Contravention. The execution and delivery by Borrower of the Credit Documents executed by Borrower and the performance and consummation of the transactions contemplated thereby do not (i) violate any Requirement of Law applicable to Borrower; (ii) violate any provision of, or result in the breach or the acceleration of, or entitle any other Person to accelerate (whether after the giving of notice or lapse of time or both), any Contractual Obligation of Borrower; or (iii) result in the creation or imposition of any Lien upon any property, asset or revenue of Borrower (except such Liens as may be created in favor of Lender pursuant to this Agreement or the other Credit Documents).

(e) Approvals. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Authority or other Person (including the partners, members or shareholders of any Person) that has not been obtained on or prior to the Closing Date is required in connection with the execution and delivery of the Credit Documents executed by Borrower and the consummation and performance of the transactions contemplated thereby.

(f) No Violation or Default. Borrower is not in violation of or in default with respect to (i) any Requirement of Law applicable to it or (ii) any Contractual Obligation of it (nor is there any waiver in effect which, if not in effect, would result in such a violation or default), where, individually or in the aggregate, such violations or defaults could reasonably be expected to have a Material Adverse Effect.

(g) Litigation. No actions, suits, proceedings or investigations are pending or, to the knowledge of Borrower, threatened against Borrower at law or in equity in any court or before any other Governmental Authority which (i) could reasonably be expected to (individually or in the aggregate) have a Material Adverse Effect or (ii) seek to enjoin, either directly or indirectly, the execution, delivery or performance by Borrower of the Credit Documents or the transactions contemplated thereby.

(h) Title. Borrower owns and has good and marketable title in fee simple absolute to, or a valid leasehold interest in, all of its real properties and good title to its other respective assets and properties as reflected in the most recent Financial Statements delivered to Lender (except those assets and properties disposed of in the ordinary course of business or otherwise in compliance with this Agreement since the date of such Financial Statements) and all respective assets and properties acquired by Borrower since such date (except those disposed of in the ordinary course of business or otherwise in compliance with this Agreement), including all of the Collateral. Such assets and properties are subject to no Liens, except for Permitted Liens.

(i) Financial Statements. The Financial Statements of Borrower that have been delivered to Lender, (i) are in accordance with the books and records of Borrower, which have been maintained in accordance with good business practice; (ii) have been prepared in conformity with GAAP and (iii) fairly present the financial position of Borrower at such date. Borrower does not have any contingent obligations, liability for Taxes or other outstanding obligations which are material in the aggregate, except as disclosed in the Financial Statements most recently delivered to Lender pursuant to Section 5.01(a)(i) or (ii).

(j) Membership Interests. Outstanding Membership Interests of Borrower are owned as follows:

Toro Sub: 45%

HDF Sub: 55%

All outstanding Membership Interests of Borrower are duly authorized, validly issued and fully paid, subject to the "Additional Capital Contribution" requirements set forth in

Section 2.03 of the LLC Agreement. There are no outstanding subscriptions, options, conversion rights, warrants or other agreements or commitments of any nature whatsoever (firm or conditional) regarding the Membership Interests of Borrower other than as contemplated by the Joint Venture Agreement or the LLC Agreement. All Membership Interests of Borrower have been offered and sold in compliance with all federal and state securities laws and all other Requirements of Law.

(k) No Agreements to Sell Assets, Etc. Borrower has no legal obligation, absolute or contingent, to any Person to sell the assets of Borrower (other than sales in the ordinary course of business), or to effect any merger, consolidation or other reorganization of Borrower or to enter into any agreement with respect thereto.

(l) Employee Benefit Plans. As of the date hereof, Borrower does not maintain or contribute to, nor has it any obligation under any Employee Benefit Plan of any type or nature whatsoever. Borrower does not contribute to and does not have any liability with respect to any Multiemployer Plan.

(m) Other Regulations. Borrower is not subject to regulation under the Investment Company Act of 1940, the Public Utility Holding Company Act of 1935, the Federal Power Act, any state public utilities code or to any federal or state statute or regulation limiting its ability to incur Indebtedness.

(n) Governmental Charges and Other Indebtedness. Borrower has filed or caused to be filed all tax returns which are required to be filed by it. Borrower has paid, or made provision for the payment of, all taxes and other Governmental Charges which have or may have become due pursuant to said returns or otherwise and all other Indebtedness which has become due, except for such Governmental Charges or Indebtedness, if any, which are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP) have been provided or which could not reasonably be expected to have a Material Adverse Effect if unpaid.

(o) Subsidiaries, Etc. Borrower has no Subsidiaries, is not a partner in any partnership and is not a joint venturer in any joint venture.

(p) No Material Adverse Effect. No event has occurred and no condition exists which could reasonably be expected to have a Material Adverse Effect.

(q) Records Regarding Collateral. Borrower keeps and maintains its books and records regarding its accounts and chattel paper at its chief executive office in Schaumburg, Illinois or at its office in Bloomington, Minnesota. The only locations at which any Collateral is located are at its offices in Bloomington, Minnesota and Schaumburg, Illinois.

(r) Accounts. All of Borrower’s accounts are bona fide existing receivables created by Toro, an Affiliate of Toro or a distributor of Toro in the regular course of business of Toro or such Affiliate or distributor to their respective account debtors or acquired by Toro or an Affiliate of Toro in connection with the acquisition of the business of another party.

(s) Accuracy of Information Furnished. None of the Credit Documents and none of the other certificates, statements or information furnished to Lender by or on behalf of Borrower in connection with the Credit Documents or the transactions contemplated hereby or thereby contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(t) Beneficial Ownership Certification. Borrower represents that the information included in its Beneficial Ownership Certification delivered to Lender is true and correct in all respects.

4.02 Reaffirmation. Borrower shall be deemed to have reaffirmed, in all material respects, for the benefit of Lender, each representation and warranty contained in Section 4.01 on and as of the date each Revolving Loan is made.

SECTION V
COVENANTS

5.01 Affirmative Covenants. Until the termination of this Agreement and the satisfaction in full by Borrower of all Obligations, Borrower shall comply, and shall cause compliance, with the following affirmative covenants unless Lender shall otherwise consent in writing:

(a) Financial Statements, Reports, Etc. Borrower shall furnish to Lender the following, each in such form and such detail as Lender shall reasonably request:

(i) Within thirty (30) Business Days after the last day of each calendar month, copies of the unaudited Financial Statements of Borrower for such month as of the last day of such month;

(ii) Within one hundred twenty (120) days after the close of each fiscal year of Borrower, copies of the unaudited Financial Statements of Borrower;

(iii) As soon as possible and in no event later than five (5) Business Days after any manager or officer of Borrower knows of the occurrence or existence of (A) any actual or threatened litigation, suits, claims or disputes against Borrower involving potential monetary damages payable by Borrower of $100,000 or more (individually or in the aggregate), (B) any other event or condition which could reasonably be expected to have a Material Adverse Effect, or (C) any Event of Default or Default; a written statement of the general manager of Borrower setting forth the details of such event, condition, Event of Default or Default and the action which Borrower proposes to take with respect thereto;

(iv) promptly, such other information and documentation required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations (including the PATRIOT Act and Beneficial Ownership Regulation), as the Lender may from time to time request; and

(v) Such other instruments, agreements, certificates, opinions, statements, documents and information relating to the operations or condition (financial or otherwise) of Borrower, and compliance by Borrower with the terms of this Agreement and the other Credit Documents, as Lender may from time to time reasonably request.

(b) Books and Records. Borrower shall at all times keep proper books of record and account in which full, true and correct entries will be made of its transactions in accordance with GAAP.

(c) Inspections; Information. Borrower shall permit any Person designated by Lender, upon reasonable notice and during normal business hours, to visit and inspect any of the properties and offices of Borrower, to examine the books of account of Borrower and to discuss the affairs, finances and accounts of Borrower with, and to be advised as to the same by, their managers, officers, auditors and accountants, all at such times and intervals as Lender may reasonably request. Borrower shall permit Lender, upon reasonable notice and during normal business hours, to inspect the Collateral and Borrower shall furnish to Lender, upon request of Lender, such information regarding the Collateral and Borrower's business as Lender may from time to time reasonably request.

(d) Governmental Charges and Other Indebtedness. Borrower shall promptly pay and discharge when due (i) all taxes and other Governmental Charges imposed on Borrower prior to the date upon which penalties accrue thereon, (ii) all Indebtedness which, if unpaid, could become a Lien upon the property of Borrower and (iii) all other Indebtedness which, if unpaid, could reasonably be expected to have a Material Adverse Effect, except such taxes and Indebtedness as may in good faith be contested or disputed, or for which arrangements for deferred payment have been made, provided that in each such case appropriate reserves are maintained to the reasonable satisfaction of Lender.

(e) Use of Proceeds. Borrower shall use the proceeds of the Revolving Loans only for the purposes set forth in Section 2.01(e).

(f) General Business Operations. Borrower shall (i) preserve and maintain its limited liability company existence and all of its rights, privileges and franchises reasonably necessary to the conduct of its business, (ii) conduct its business activities in compliance with all Requirements of Law and Contractual Obligations applicable to it, the violation of which could reasonably be expected to have a Material Adverse Effect, (iii) keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, and (iv) maintain its chief executive office and principal place of business in Schaumburg, Illinois.

(g) Collateral. Borrower shall keep all Collateral at the locations identified in Section 4.01(q) and shall keep all tangible Collateral in good order, repair and operating condition. Borrower shall not sell, rent, lease, transfer, consign, dispose or otherwise convey any of the Collateral except for sales or other dispositions in the ordinary course of Borrower's business. Borrower shall not change its name or change its chief executive office or the office where it keeps its books and records with respect to accounts and chattel paper without giving at least thirty (30) days' prior written notice to Lender.

(h) Borrowing Base. Upon request of Lender, Borrower promptly shall provide to Lender a written report, prepared in reasonable detail and with supporting documentation, setting forth the calculation of the Borrowing Base.

5.02 Negative Covenants. Until the termination of this Agreement and the satisfaction in full by Borrower of all Obligations, Borrower shall comply, and shall cause compliance, with the following negative covenants unless Lender shall otherwise consent in writing:

(a) Indebtedness. Borrower shall not create, incur, assume or permit to exist any Indebtedness except for Permitted Indebtedness.

(b) Liens. Borrower shall not create, incur, assume or permit to exist any Lien on or with respect to any of its assets or property of any character, whether now owned or hereafter acquired, except for Permitted Liens. Borrower shall keep all Collateral free and clear of all Liens except Liens in favor of Lender.

(c) Asset Dispositions. Borrower shall not sell, lease, transfer or otherwise dispose of any of its assets or property, whether now owned or hereafter acquired, except in the ordinary course of its business and except as otherwise contemplated by the Credit Documents. Notwithstanding the foregoing, in the event Borrower elects to transfer to any Seller any Purchased Receivables acquired from such parties pursuant to any reconveyance rights that it may have under the terms of any agreement with such Seller, it shall be permitted to do so free and clear of any Lien granted hereunder upon payment of any amount due from the original transferor thereof as set forth in the agreement governing the original purchase by Borrower of such Purchased Receivables.

(d) Mergers, Acquisitions, Etc. Borrower shall not consolidate with or merge into any other Person or permit any other Person to merge into it, or acquire all or substantially all of the assets of any other Person, except, with respect to TCC, pursuant to the initial Receivable Purchase Agreement described in Section 7.02.

(e) Distributions, Etc. Except for Permitted Distributions, Borrower shall not (i) make any distributions of any kind whatsoever to its Members; (ii) purchase, redeem, retire, defease or otherwise acquire for value any of its Membership Interests held by any Person; (iii) return any capital to any of its Members; or (iv) set apart any sum for any such purpose.

(f) Capital Expenditures. Borrower shall not pay or incur Capital Expenditures which exceed in the aggregate in any fiscal year $50,000.

(g) Investments. Borrower shall not make any Investments other than loans, advances or purchases of Indebtedness in the ordinary course of Borrower's business.

(h) Change in Business. Borrower shall not engage, either directly or indirectly through Subsidiaries, in any business substantially different from its business as conducted on the Original Closing Date or as expected to be conducted after the Original Closing Date; provided, however, that Borrower shall be permitted to engage in the business of providing floorplan financing and open account inventory financing of any and all products manufactured or distributed from time to time after the Original Closing Date by Toro, or any of its Affiliates, including parts, accessories, software and software updates to support equipment or services, advertising materials, advertising placements, training materials, point of sale or merchandising materials, extended service contracts, licenses for scheduling software and online services, to the extent permitted by the LLC Agreement.

(i) Security Issuances. Borrower shall not issue, offer or sell any Equity Securities of it other than as contemplated by the Joint Venture Agreement or the LLC Agreement.

(j) Subsidiaries, Etc. Borrower shall not create or permit to exist any Subsidiaries, and Borrower shall not become a partner in any partnership or a joint venturer in any joint venture.

(k) Transactions With Affiliates. Borrower shall not enter into any Contractual Obligation with any Affiliate or engage in any other transaction with any Affiliate except upon terms at least as favorable to Borrower as an arms-length transaction with unaffiliated Persons and except for Contractual Obligations and transactions expressly contemplated by the Joint Venture Agreement or the LLC Agreement.

(l) Accounting Changes. Borrower shall not change (i) its fiscal year (currently January 1 through December 31) or (ii) its accounting practices except as required by GAAP.

SECTION VI
DEFAULT

6.01 Events of Default. The occurrence or existence of any one or more of the following shall constitute an "Event of Default" hereunder:

(a) Borrower shall fail to pay when due any principal, interest or other payment required under the terms of this Agreement or any of the other Credit Documents; or

(b) Borrower shall fail to observe or perform in any material respect any covenant, obligation, condition or agreement set forth in Sections 5.01(d)(iii), 5.02(c), 5.02(d), 5.02(f), 5.02(h), 5.02(i), or 5.02(j); or

(c) Borrower shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Agreement or the other Credit Documents and such failure shall continue for thirty (30) days after notice thereof is given by Lender to Borrower or such longer period of time as is reasonably necessary to allow Borrower to so observe or perform such covenant, obligation, condition or agreement but, in any event, not more than seventy-five (75) days after notice thereof is given by Lender to Borrower; or

(d) Any representation, warranty, certificate, or other statement (financial or otherwise) made or furnished by or on behalf of Borrower to Lender in or in connection with this Agreement or any of the other Credit Documents, or as an inducement to Lender to enter into this Agreement, shall be false, incorrect, incomplete or misleading in any material respect when made or furnished; or

(e) Borrower shall (i) fail to make any payment when due under the terms of any bond, debenture, note or other evidence of Indebtedness to be paid by such Person (excluding this Agreement and the other Credit Documents but including any other evidence of Indebtedness of Borrower to Lender) and such failure shall continue beyond any period of grace provided with respect thereto, or (ii) default in the observance or performance of any other agreement, term or condition contained in any such bond, debenture, note or other evidence of Indebtedness, and the effect of such failure or default in either case is to cause, or permit the holder or holders thereof to cause Indebtedness in an aggregate amount of $100,000 or more to become due prior to its stated date of maturity; or

(f) Borrower shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) be unable, or admit in writing its inability, to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its or any of its creditors, (iv) become insolvent (as such term may be defined or interpreted under any applicable statute), (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) take any action for the purpose of effecting any of the foregoing; or

(g) Proceedings for the appointment of a receiver, trustee, liquidator or custodian of Borrower or of all or a substantial part of the property of Borrower, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to Borrower or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and not dismissed within sixty (60) days of commencement; or

(h) A final, non-appealable judgment or order for the payment of money in excess of $100,000 (exclusive of amounts covered by insurance issued by an insurer not an Affiliate of Borrower) shall be rendered against Borrower and the same shall remain unsatisfied, unstayed or unvacated for a period of thirty (30) days after entry thereof, or any judgment, writ, assessment, warrant of attachment, or execution or similar process shall be issued or levied against a substantial part of the property of Borrower, and such judgment, writ, assessment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within thirty (30) days after filing; or

(i) Any Credit Document or any material term thereof shall cease to be a legal, valid and binding obligation of Borrower enforceable in accordance with its terms; or

(j) Toro Sub and HDF Sub shall cease to be the sole members of Borrower or Toro Sub closes on its acquisition of the interest of HDF Sub in Borrower pursuant to the exercise of the Toro Sub Purchase Option under Section 9.03 of the LLC Agreement; or

(k) Borrower shall have been finally dissolved, wound up and liquidated, whether at scheduled maturity or otherwise; or

(l) Lender's security interest in any material portion of the Collateral shall at any time cease to be a valid and perfected, first priority, security interest.

6.02 Remedies.

(a) Upon (i) the occurrence or existence of any Event of Default (other than an Event of Default referred to in Section 6.01(f) or 6.01(g) or an Event of Default caused solely by Lender or an Affiliate of Lender, including any failure by Lender to make a capital contribution to Borrower required pursuant to the terms of the LLC Agreement or any willful violation on the part of the general manager of Borrower while such general manager is Lender's employee, which such failure or violation shall be deemed to have been caused solely by Lender) and at any time thereafter during the continuance of such Event of Default, or (ii) the occurrence or existence of a Material Adverse Effect, Lender may, by written notice to Borrower, (a) terminate the Commitment and the obligation of Lender to make Revolving Loans and/or (b) declare all outstanding Obligations payable by Borrower hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Revolving Loan Note to the contrary notwithstanding. Notwithstanding the occurrence or existence of an Event of Default under Sections 6.01(b) – (e), 6.01(h), 6.01(i) or 6.01(l), Lender shall not be permitted to terminate the Commitment or declare the Obligations due and payable and shall continue to make Revolving Loans hereunder so long as there shall not occur or exist a Material Adverse Effect or an Event of Default under any of Sections 6.01(a), 6.01(f), 6.01(g), 6.01(j) or 6.01(k).

(b) Upon the occurrence or existence of any Event of Default described in Section 6.01(f) or 6.01(g), immediately and without notice, (i) the Commitment and the obligations of Lender to make Revolving Loans shall automatically terminate and (ii) all outstanding Obligations payable by Borrower hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Revolving Loan Note to the contrary notwithstanding.

(c) In addition to the foregoing remedies, upon the occurrence or existence of any Event of Default at any time Lender is permitted to terminate the Commitment, Lender may exercise any other right, power or remedy granted to it by the Credit Documents or otherwise permitted to it by law, either by suit in equity or by action at law, or both.

SECTION VII
GRANT OF SECURITY INTEREST AND PROVISIONS REGARDING COLLATERAL

7.01 Grant of Security Interest. As security for the payment of all Revolving Loans now or hereafter made by Lender to Borrower hereunder or under the Revolving Loan Note, and as security for the payment or other satisfaction of all other Obligations, Borrower hereby grants to Lender a Lien and a security interest in and to the following property of Borrower, whether now or hereafter owned, existing, licensed, leased, consigned, acquired or arising, wherever now or hereafter located (all such property is herein referred to collectively as the "Collateral" (each capitalized term used in this Section 7.01 and not otherwise defined in this Agreement shall have in this Agreement the meaning given to it by the UCC)):

(a) The Purchased Receivables, and any and all other Accounts, Goods, Health Care Insurance Receivables, General Intangibles, Payment Intangibles, Deposit Accounts, Chattel Paper (including Electronic Chattel Paper), Documents, contracts, advices of credit, money, Commercial Tort Claims, Equipment, Inventory, Fixtures and Supporting Obligations, together with all products of and Accessions to any of the foregoing and all Proceeds of any of the foregoing (including all insurance policies and proceeds thereof);

(b) to the extent, if any, not listed in clause (a) above, each and every other item of personal property and fixtures, whether now existing or hereafter arising or acquired, including all licenses, contracts and agreements and all collateral for the payment or performance of any contract or agreement, together with all products and Proceeds (including all insurance policies and proceeds) or any Accessions to any of the foregoing;

(c) all present and future business records and information, including computer tapes and other storage media containing the same, together with all Proceeds of any of the foregoing;

(d) all replacements, substitutions, additions or Accessions to or for any of the foregoing; and

(e) all rights of Borrower in, to and under all policies of insurance, including claims of rights to payments thereunder and proceeds therefrom, including credit insurance and business interruption insurance.

In furtherance of the foregoing grant of security, upon the request of Lender, Borrower will make proper entries in its books and records, disclosing the above-described grant of a security interest in the Collateral, including the assignment of its accounts to Lender. To the extent any of the Collateral is evidenced by chattel paper, a promissory note, a trade acceptance or any other instrument for the payment of money, unless Lender shall otherwise agree, Borrower will deliver the original of same to Lender, appropriately endorsed to Lender's order and, regardless of the form of such endorsement, Borrower hereby expressly waives presentment, demand, notice of dishonor, protest and notice of protest and all other notices with respect thereto.

7.02 Lock Box. On or before the date Borrower makes the initial purchase of Purchased Receivables pursuant to the terms of the initial Receivable Purchase Agreement to be entered into by and among Toro, and certain of its Affiliates and Borrower, Borrower shall either (a) establish one or more post office lock box arrangements with Lender on terms acceptable to Lender (each, a "Lock Box") for the collection of payments from its respective account debtors or other amounts owing to it or (b) enter into agreements acceptable to Lender with each financial institution where Borrower deposits such collections on the date of this Agreement or will hereafter deposit such collections. In connection with any Lock Box, if required by Lender, Borrower shall direct its account debtors to send their payments directly to such Lock Box, and all invoices issued thereafter by Borrower shall direct its account debtors to send their payments directly to such Lock Box.

7.03 Special Provisions Regarding Accounts. Lender is authorized and empowered (which authorization and power, being coupled with an interest, is irrevocable until the last to occur of (i) termination of this Agreement, the Commitment and any other obligations of Lender under this Agreement and (ii) indefeasible payment in full in cash, and performance in full, of all of the Obligations) at any time in its sole and absolute discretion:

(a) To request, in the name of Lender, Borrower, or in the name of a third party, confirmation from any account debtor or party obligated under or with respect to any Collateral of the amount shown by the accounts or other Collateral to be payable, or any other matter stated therein;

(b) To endorse in Borrower's name and to collect, any chattel paper, checks, notes, drafts, instruments or other items of payment tendered to or received by Lender in payment of any account or other obligation owing to Borrower;

(c) At any time Lender is entitled to terminate the Commitment after the occurrence and during the continuance of an Event of Default, to notify, either in Lender's name or Borrower's name, and/or to require Borrower to notify, any account debtor or other Person obligated under or in respect of any Collateral or of the fact of Lender's Lien thereon and of the collateral assignment thereof to Lender;

(d) At any time Lender is entitled to terminate the Commitment after the occurrence and during the continuance of an Event of Default, to direct, either in Lender's name or Borrower's name, and/or to require Borrower to direct, any account debtor or other Person obligated under or in respect of any Collateral to make payment directly to Lender of any amounts due or to become due thereunder or with respect thereto; and

(e) At any time Lender is entitled to terminate the Commitment after the occurrence and during the continuance of an Event of Default, to demand, collect, surrender, release or exchange all or any part of any Collateral or any amounts due thereunder or with respect thereto, or compromise or extend or renew for any period (whether or not longer than the initial period) any and all sums which are now or may hereafter become due or owing upon or with respect to any of the Collateral, or enforce, by suit or otherwise, payment or performance of any of the Collateral, in Lender's own name or Borrower's name.

Under no circumstances shall Lender be under any duty to act in regard to any of the foregoing matters. The costs relating to any of the foregoing matters, including attorneys' fees and out-of-pocket expenses, and the cost of any bank account or accounts which may be required hereunder, shall be borne solely by Borrower whether the same are incurred by Lender or Borrower.

7.04 <u>Lender's Power of Attorney</u>. Borrower appoints Lender, or any Person whom Lender may from time to time designate, as Borrower's attorney and agent-in-fact with power: (a) at any time Lender is entitled to terminate the Commitment after the occurrence and during the continuance of an Event of Default, to notify the post office authorities to change the address for delivery of Borrower's mail to an address designated by Lender; (b) at any time Lender is entitled to terminate the Commitment after the occurrence and during the continuance of an Event of Default, to receive, open and dispose of all mail addressed to Borrower; (c) to send requests for verification of Borrower's accounts or other Collateral to its account debtors; (d) to open an escrow account under Lender's sole control for the collection of Borrower's accounts or other Collateral, if not required contemporaneously with the execution hereof; and (e) to do all other things which Lender is permitted to do under this Agreement or any other Credit Document or which are necessary to carry out this Agreement and the other Credit Documents. Neither Lender nor any of the directors, officers, employees or agents of Lender will be liable for any acts of commission or omission nor for any error in judgment or mistake of fact or law, unless the same shall have resulted from gross negligence or willful misconduct. The foregoing appointment and power, being coupled with an interest, is irrevocable until the last to occur of (x) termination of this Agreement, the Commitment and any other obligations of Lender under this Agreement and (y) indefeasible payment in full in cash, and performance in full, of all

Obligations. Borrower expressly waives presentment, demand, notice of dishonor and protest of all instruments and any other notice to which it might otherwise be entitled.

7.05 No Liability for Safekeeping. Lender shall not be liable or responsible in any way for the safekeeping of any Collateral of Borrower delivered to it, to any bailee appointed by or for it, to any warehouseman, or under any other circumstances. Lender shall not be responsible for collection of any proceeds or for losses in collected proceeds held by Borrower in trust for Lender. Any and all risk of loss for any or all of the foregoing shall be upon Borrower, except for such loss as shall result from Lender's gross negligence or willful misconduct.

7.06 Supplemental Documentation Relating to Collateral; Further Assurances. At Lender's request, Borrower shall execute and/or deliver to Lender, at any time or times hereafter, such agreements, documents, financing statements, warehouse receipts, bills of lading, notices of assignment of accounts, schedules of accounts assigned, certificates of origin or title and other written matter necessary or reasonably requested by Lender to perfect and maintain perfected Lender's security interest in the Collateral owned by it in form and substance acceptable to Lender, and pay or cause to be paid all taxes, fees and other costs and expenses associated with any recording or filing of any such documentation. Borrower hereby irrevocably makes, constitutes and appoints Lender (and all Persons designated by Lender for that purpose) as Borrower's true and lawful attorney (and agent-in-fact) (which appointment and power, being coupled with an interest, is irrevocable until the last to occur of (a) termination of this Agreement, the Commitment and all other obligations of Lender under this Agreement and (b) indefeasible payment in full in cash, and performance in full, of all Obligations) to sign the name of Borrower on any of such documentation and to deliver any of such documentation to such Persons as Lender, in its sole and absolute discretion, may elect. Borrower agrees that a carbon, photographic, photostatic, or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement. Borrower shall fully cooperate with Lender and perform all additional acts reasonably requested by Lender to effect the purposes of this Section VII.

7.07 Rights and Remedies. In addition to the rights and remedies of Lender set forth in Section 6.02, at any time Lender is entitled to terminate the Commitment upon the occurrence of and during the continuance of an Event of Default, Lender (i) shall have all rights and remedies of a secured party under the UCC and other applicable law and all the rights and remedies set forth in this Agreement, and Borrower waives notice of intent to accelerate, and of acceleration of, the Obligations; (ii) Lender may enter any premises of Borrower, with or without process of law, without force, to search for, take possession of, and remove the Collateral, or any part thereof; (iii) if Lender requests, Borrower shall cease disposition of and shall assemble the Collateral and make it available to Lender, at Borrower's expense, at a convenient place or places designated by Lender; and (iv) Lender may take possession of the Collateral or any part thereof on Borrower's premises and cause it to remain there at Borrower's expense, pending sale or other disposition. Any notice of a disposition shall be deemed reasonably and properly given if given to Borrower at least ten (10) days before such disposition. If Borrower fails to perform any of its Obligations under this Agreement, Lender may perform the same in any form or manner Lender in its discretion deems necessary or desirable, and all monies paid by Lender in connection therewith shall be additional Obligations and shall be immediately due and payable without notice together with interest payable on demand at the rate set forth in Section 2.04(c). All of Lender's rights and remedies shall be cumulative.

SECTION VIII
MISCELLANEOUS

8.01 Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions or other communications to Lender or Borrower under this Agreement or the other Credit Documents shall be in writing and shall be deemed to have been given to a party at the earlier of (a) when personally delivered or (ii) one (1) Business Day after deposit with a national overnight courier service; in each case addressed as follows:

Lender: Huntington Distribution Finance, Inc.
1475 E. Woodfield Road, Suite 1000
Schaumburg, IL 60173
Attention: Senior Associate General Counsel

Borrower: Red Iron Acceptance, LLC
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: Director of Operations

with copies to: The Toro Company
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: Treasurer

and

The Toro Company
8111 Lyndale Avenue South
Bloomington, MN 55420
Attention: General Counsel

8.02 Expenses. Borrower shall pay on demand all reasonable fees and expenses, including reasonable attorneys' fees and expenses, incurred by Lender in the enforcement or attempted enforcement of any of the Obligations or in preserving any of Lender's rights and remedies, including all such fees and expenses incurred in connection with any "workout" or restructuring affecting the Credit Documents or the Obligations or any bankruptcy or similar proceeding involving Borrower.

8.03 Indemnification. To the fullest extent permitted by law, Borrower agrees to protect, indemnify, defend and hold harmless Lender and its directors, officers, employees, agents and any Affiliates thereof ("Indemnitees") from and against any and all liabilities, losses, damages or expenses of any kind or nature and from any and all suits, claims or demands (including in respect of or for reasonable attorney's fees and other expenses) arising on account of or in connection with any matter or thing or action or failure to act by Indemnitees, or any of them, arising out of or relating to the Credit Documents, including any use by Borrower of any proceeds of the Revolving Loans, except to the extent such liability arises from the willful misconduct or gross negligence of the Indemnitees. Upon receiving knowledge of any suit, claim or demand asserted by a third party that Lender believes is covered by this indemnity, Lender shall give Borrower notice of the matter and an opportunity to defend it, at Borrower's sole cost and expense, with legal counsel reasonably satisfactory to Lender. Any failure or delay of Lender to notify Borrower of any such suit, claim or demand shall not relieve Borrower of its obligations under this Section 8.03 but shall reduce such obligations to the extent of any increase in those obligations caused solely by an unreasonable failure or delay. The obligations of

Borrower under this Section 8.03 shall survive the payment and performance of the Obligations, the termination of the Commitment and the termination of this Agreement.

8.04 Waivers; Amendments. Any term, covenant, agreement or condition of this Agreement or any other Credit Document may be amended or waived if such amendment or waiver is in writing and is signed by Borrower and Lender. No failure or delay by Lender in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective only in the specific instance and for the specific purpose for which given.

8.05 Successors and Assigns.

(a) Binding Effect. This Agreement and the other Credit Documents shall be binding upon and inure to the benefit of Borrower, Lender, all future holders of the Revolving Loan Note and their respective successors and, solely in the case of Lender, its assigns permitted pursuant to Section 8.05(b). All references in this Agreement to any Person shall be deemed to include all successors and permitted assigns of such Person.

(b) Assignments. Borrower may not assign or transfer any of its rights or obligations under any Credit Document without the prior written consent of Lender. Lender may at any time, without the consent of Borrower, assign to one or more Affiliates (each an "Assignee") all, or a proportionate part of all, of its rights and obligations under this Agreement and the other Credit Documents, and such Assignee shall assume such rights and obligations, pursuant to an assignment and assumption agreement executed by such Assignee and Lender; provided, however, that any Assignee of Lender shall be required to have at the time of assignment (i) a creditworthiness not less than the creditworthiness of Lender at such time and (ii) a credit facility, with The Huntington National Bank as lender and Assignee as borrower, no less favorable than Lender's credit facility with The Huntington National Bank and supported by the same Performance Assurance Agreement from The Huntington National Bank furnished in connection with Lender's credit facility with The Huntington National Bank, and such Assignee shall be able to perform the obligations of Lender hereunder. Upon execution and delivery of such instrument, such Assignee shall be a Lender party to this Agreement and shall have all the rights and obligations of a Lender with a commitment as set forth in such instrument of assumption, and Lender shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this Section 8.05(b), Lender and Borrower shall make appropriate arrangements so that, if required, a new Revolving Loan Note is issued to the Assignee and the existing Revolving Loan Note is returned to Borrower.

(c) Information. Lender may disclose the Credit Documents and any financial or other information relating to Borrower to any Assignee or potential Assignee, subject to the terms of Section 8.12, and subject to Lender obtaining the agreement of such Assignee or potential Assignee to be bound by the terms of Section 8.12.

8.06 Setoff. In addition to any rights and remedies of Lender provided by law, Lender shall have the right, without prior notice to Borrower, any such notice being expressly waived by Borrower to the extent permitted by applicable law, at any time Lender is entitled to terminate the Commitment following the occurrence and during the continuance of a Default or an Event of Default, to set-off and apply against any Indebtedness, whether matured or unmatured, of Borrower to Lender (including the Obligations), any amount owing from Lender to Borrower.

The aforesaid right of set-off may be exercised by Lender against Borrower or against any trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor of Borrower or against anyone else claiming through or against Borrower or such trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off shall not have been exercised by Lender prior to the occurrence of a Default or an Event of Default. Lender agrees promptly to notify Borrower after any such set-off and application made by Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

8.07 No Third Party Rights. Subject to the terms of the Joint Venture Agreement, nothing expressed in or to be implied from this Agreement or any other Credit Document is intended to give, or shall be construed to give, any Person, other than the parties hereto and thereto and their permitted successors and assigns, any benefit or legal or equitable right, remedy or claim under or by virtue of this Agreement or any other Credit Document.

8.08 Partial Invalidity. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

8.09 Jury Trial. EACH OF BORROWER AND LENDER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING TO ANY CREDIT DOCUMENT IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO ANY CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY. THIS WAIVER IS A MATERIAL INDUCEMENT FOR OUR ENTERING INTO THIS AGREEMENT.

8.10 Submission to Jurisdiction. Each of Borrower and Lender hereby irrevocably submits to the non-exclusive jurisdiction of the Federal courts sitting in Minneapolis or St. Paul, Minnesota and any state court located in Hennepin County, Minnesota, and by execution and delivery of this Agreement, each of Borrower and Lender accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of such courts with respect to any litigation concerning the Credit Documents or the transactions contemplated thereby or any matters related thereto. Each of Borrower and Lender irrevocably waives any objection (including any objection to the laying of venue or any objection on the grounds of forum non conveniens) which it may now or hereafter have to the bringing of any proceeding with respect to this Agreement to the courts set forth above. Borrower agrees to the personal jurisdiction of such courts and that service of process may be made on it at the address indicated in Section 8.01 above. Nothing herein shall affect the right to serve process in any other manner permitted by law.

8.11 Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Credit Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g. “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

8.12 Disclosure of Information about Borrower. Lender agrees that it will not provide any information to any Person regarding the business and operations of Borrower without the prior written consent of Borrower, except for (i) disclosures to any Person to the extent necessary to permit an assignment permitted under the terms of Section 8.05, (ii) disclosures to Lender’s accountants to the extent necessary in connection with such accountants’ auditing responsibilities, (iii) disclosures to any Person of information which is or becomes generally available to the public other than as a result of a disclosure in violation of the terms of this Section 8.12, (iv) disclosures to any Person of information which Lender is legally compelled to disclose, provided that Lender agrees to use all reasonable efforts to notify Borrower of any such legal requirement to disclose sufficiently in advance of the disclosure to permit Borrower to challenge the legal requirement, and (v) disclosure to any Person to the extent otherwise permitted by the Joint Venture Agreement or the LLC Agreement.

8.13 No Recourse to Members of Borrower. Notwithstanding any provision of this Agreement to the contrary, recourse for the payment of the Obligations and any other liabilities and obligations of Borrower arising under any Credit Document shall be had only against the assets, property and rights of Borrower.

8.14 No Indirect or Consequential Damages. NO PARTY TO THIS AGREEMENT SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO THIS AGREEMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR PUNITIVE, EXEMPLARY OR, EXCEPT IN THE CASE OF FRAUD, BAD FAITH, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, INDIRECT OR CONSEQUENTIAL DAMAGES THAT MAY BE ALLEGED AS A RESULT OF ANY TRANSACTION CONTEMPLATED HEREUNDER.

8.15 Survival. All representations and warranties made hereunder and in any other Credit Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by Lender, regardless of any investigation made by Lender or on its behalf and notwithstanding that Lender may have had notice or knowledge of any Default at the time any Revolving Loan is made, and shall continue in full force and effect as long as any Obligation hereunder shall remain unpaid or unsatisfied. The provisions of Sections 2.07, 8.02, 8.03 and 8.16 shall survive the repayment of the Obligations, the expiration or termination of the Commitment and the termination of this Agreement or any provision hereof.

8.16 Payments Set Aside. To the extent that any payment by or on behalf of Borrower is made to Lender, or Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any debtor relief law or otherwise, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

8.17 USA PATRIOT ACT. Lender hereby notifies Borrower that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the PATRIOT Act.

8.18 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby, Borrower acknowledges and agrees that: (i) (A) the services regarding this Agreement provided by Lender are arm's-length commercial transactions between Borrower, on the one hand, and Lender, on the other hand, (B) Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and by the other Credit Documents; (ii) (A) Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for Borrower or any other Person and (B) Lender has no obligation to Borrower or any other Person with respect to the transactions contemplated hereby except those obligations expressly set forth in this Agreement and in the other Credit Documents; and (iii) Lender and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Borrower and its Affiliates, and Lender has no obligation to disclose any of such interests to Borrower or any of its Affiliates. To the fullest extent permitted by law, Borrower hereby waives and releases any claims that it may have against Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

8.19 Effect of Amendment and Restatement.

(a) On and as of the Closing Date, the Existing Credit Agreement shall be amended, restated and superseded in its entirety by this Agreement. The parties hereto acknowledge and agree that (i) this Agreement and the other Credit Documents, whether executed and delivered in connection herewith or otherwise, do not constitute a novation, payment or reborrowing, or termination of the "Obligations" (as defined in the Existing Credit Agreement) as in effect prior to the Closing Date and (ii) such "Obligations" are in all respects continuing (as amended and restated hereby) with only the terms thereof being modified as provided in this Agreement. Each reference to the "Credit Agreement" or "Loan Agreement" in any Credit Document shall be deemed to be a reference to the Existing Credit Agreement as amended and restated hereby.

(b) Borrower hereby confirms that each Credit Document to which it is a party or otherwise bound and all Collateral encumbered thereby will continue to guarantee or secure, as the case may be, to the fullest extent possible in accordance with the Credit Documents, the payment and performance of all "Obligations" under each of the Credit Documents to which it is a party (in each case as such terms are defined in the applicable Credit Document).

(c) Lender agrees to continue its "Revolving Loans" (as defined in the Existing Credit Agreement) (such loans, collectively, "Existing Revolving Loans") outstanding immediately prior to the effectiveness of the amendment and restatement of the Existing Credit Agreement on the Closing Date as Revolving Loans hereunder, and as of the Closing Date such Existing Revolving Loans shall be automatically deemed to constitute Revolving Loans outstanding under this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, Borrower and Lender have caused this Agreement to be executed as of the day and year first above written.

RED IRON ACCEPTANCE, LLC

By: __/s/Sean P. Richardson_______________
Name: Sean P. Richardson
Title: Manager

[Signature Page to Amended and Restated Credit and Security Agreement]

HUNTINGTON DISTRIBUTION FINANCE, INC.

By: __/s/Sean P. Richardson________________
Name: Sean P. Richardson
Title: President and Chief Executive Officer

[Signature Page to Amended and Restated Credit and Security Agreement]

SCHEDULE 1.01

DEFINITIONS

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For purposes of this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Agreement" shall have the meaning given to that term in the preamble of this Agreement.

"Assignee" shall have the meaning given to that term in Section 8.05(b).

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Borrower" shall have the meaning given to that term in the preamble of this Agreement.

"Borrowing Base" shall mean, with respect to Borrower at any time, the remainder of Tangible Assets less the sum of (i) all liabilities of Borrower at such time (other than the aggregate principal amount of Revolving Loans borrowed by Borrower at such time) and (ii) the Required Equity Investment. The Borrowing Base for Borrower shall be determined by Lender as at the last day of each calendar month (after giving effect to any capital contributions made by the Members of Borrower with respect to such calendar month in accordance with the terms of the LLC Agreement).

"Business Day" shall mean any day on which commercial banks are not authorized or required to close in Minneapolis, Minnesota or Chicago, Illinois.

"Capital Asset" shall mean, with respect to any Person, tangible property owned or leased (in the case of a Capital Lease) by such Person, or any expense incurred by any Person that is required by GAAP to be reported as an asset on such Person's balance sheet.

"Capital Expenditures" shall mean, with respect to any Person and any period, all amounts expended and Indebtedness incurred or assumed by such Person during such period for the acquisition of real property and other Capital Assets (including amounts expended and Indebtedness incurred or assumed in connection with Capital Leases).

"Capital Leases" shall mean any and all lease obligations that, in accordance with GAAP, are required to be capitalized on the books of a lessee.

"Closing Date" shall mean the date on which all conditions precedent to the effectiveness of the amendment and restatement of the Existing Credit Agreement in the form of this Agreement, as set forth in Section 3.01 have been satisfied or waived.

"Collateral" shall have the meaning given to that term in Section 7.01.

"Commitment" shall have the meaning given to that term in Section 2.02(a).

"Contractual Obligation" of any Person shall mean, any indenture, note, security, deed of trust, mortgage, security agreement, lease, guaranty, instrument, contract, agreement or other form of obligation or undertaking to which such Person is a party or by which such Person or any of its property is bound.

"Credit Documents" shall mean and include this Agreement, the Revolving Loan Note and each Security Document delivered to Lender in connection with this Agreement, as each of the foregoing may be amended from time to time.

"Default" shall mean any event or circumstance not yet constituting an Event of Default but which, with the giving of any notice or the lapse of any period of time or both, would become an Event of Default.

"Dollars" and "$" shall mean the lawful currency of the United States of America and, in relation to any payment under this Agreement, same day or immediately available funds.

"Employee Benefit Plan" shall mean any employee benefit plan within the meaning of section 3(3) of ERISA maintained or contributed to by Borrower, other than a Multiemployer Plan.

"Equity Securities" of any Person shall mean (a) all common stock, preferred stock, limited liability company interests, participations, shares, partnership interests or other equity interests in and of such Person (regardless of how designated and whether or not voting or non-voting) and (b) all warrants, options and other rights to acquire any of the foregoing.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may from time to time be amended or supplemented, including any rules or regulations issued in connection therewith.

"Event of Default" shall have the meaning given to that term in Section 6.01.

"Existing Credit Agreement" shall have the meaning assigned to such term in the recitals of this Agreement.

"Exmark" shall mean Exmark Manufacturing Company Incorporated, a Nebraska corporation, a wholly owned subsidiary of Toro.

"Financial Statements" shall mean, with respect to any accounting period for any Person, statements of income of such Person for such period and balance sheets of such Person as of the end of such period and, with respect to any annual accounting period for any Person, statements of cash flows of such Person for such annual period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year if such period is less than a full fiscal year or, if such period is a full fiscal year, corresponding figures from the preceding fiscal year, all prepared in reasonable detail and in accordance with GAAP.

"GAAP" shall mean generally accepted accounting principles and practices as in effect in the United States of America from time to time, consistently applied.

"Governmental Authority" shall mean any domestic or foreign national, state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Governmental Charges" shall mean all levies, assessments, fees, claims or other charges imposed by any Governmental Authority upon or relating to (i) Borrower, (ii) the Revolving Loans, (iii) income or gross receipts of Borrower, (iv) the ownership or use of any of its assets by Borrower or (v) any other aspect of the business of Borrower.

"Governmental Rule" shall mean any law, rule, regulation, ordinance, order, code interpretation, judgment, decree, directive, guidelines, policy or similar form of decision of any Governmental Authority.

"HDF Rate" shall mean [***].

"HDF Sub" shall mean Huntington Joint Venture I, LLC, a Minnesota limited liability company.

"Indebtedness" of any Person shall mean and include (a) all items of indebtedness and liabilities which, in accordance with GAAP, would be included in determining liabilities that are shown on the liability side of the balance sheet of such Person, (b) all indebtedness and liabilities of other Persons assumed or guaranteed by such Person or in respect to which such Person is secondarily or contingently liable whether by any agreement to acquire indebtedness and liabilities or to supply or advance funds or otherwise, and (c) all indebtedness and liabilities of other Persons secured by any Lien in any property of such Person (including Capital Leases).

"Indemnitees" shall have the meaning given to that term in Section 8.03.

"Interest Account" shall have the meaning given to that term in Section 2.05(b).

"Intimidator" shall mean Intimidator, LLC, an Arkansas limited liability company.

"Investment" of any Person shall mean any loan or advance of funds by such Person to any other Person (other than advances to employees of such Person for moving and travel expense, drawing accounts and similar expenditures in the ordinary course of business), any purchase or other acquisition of any Equity Securities or Indebtedness of any other Person, and any capital contribution by such Person to or any other investment by such Person in any other

Person (including any Indebtedness incurred by such Person of the type described in clauses (b) and (c) of the definition of "Indebtedness" on behalf of any other Person).

"Joint Venture Agreement" shall mean that certain Agreement to Form Joint Venture, dated as of the Original Closing Date, between Lender and Toro, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Lender" shall have the meaning given to that term in the preamble of this Agreement.

"Lien" shall mean, with respect to any property, any security interest, mortgage, pledge, lien, claim, charge or other encumbrance in, of, or on such property or the income therefrom, including the interest of a vendor or lessor under a conditional sale agreement, Capital Lease or other title retention agreement, or any agreement to provide any of the foregoing, and the filing of any financing statement or similar instrument under the UCC or comparable law of any jurisdiction.

"LLC Agreement" shall mean that certain Limited Liability Company Agreement of Borrower, dated as of the Original Closing Date, by and between Toro Sub and HDF Sub, as it may be amended, restated, supplemented or otherwise modified from time to time.

"LLC Term" shall mean, at any time, the term of Borrower in effect at such time pursuant to the LLC Agreement.

"Lock Box" shall have the meaning given to that term in Section 7.02.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, assets, operations or financial or other condition of Borrower if the same could reasonably be expected to affect the ability of Borrower to pay or perform the Obligations in accordance with the terms of this Agreement and the other Credit Documents; (b) the ability of Borrower to pay or perform the Obligations in accordance with the terms of this Agreement and the other Credit Documents; (c) the rights and remedies of Lender under this Agreement or the other Credit Documents; or (d) the value of a material portion of the Collateral, Lender's security interest in a material portion of the Collateral or the general perfection or priority of a material portion such security interests.

"Maturity" shall mean, with respect to any Revolving Loan, interest or other amount payable by Borrower under this Agreement or the other Credit Documents, the date such Revolving Loan, interest or other amount becomes due, whether upon the stated maturity or due date, upon acceleration or otherwise.

"Member" shall mean either Toro Sub or HDF Sub, in their respective capacities as members of Borrower.

"Membership Interests" shall mean all membership interests, units, securities and interests assigned to members of a limited liability company, together with all voting rights associated therewith.

"Multiemployer Plan" shall mean any multiemployer plan within the meaning of section 3(37) of ERISA maintained or contributed to by Borrower.

"Obligations" shall mean and include all loans, advances, debts, liabilities, and obligations, howsoever arising, owed by Borrower to Lender of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising pursuant to the terms of this Agreement or any of the other Credit Documents, including all interest, fees (if any), charges, expenses, attorneys' fees and accountants' fees chargeable to Borrower or payable by Borrower hereunder or thereunder.

"Original Closing Date" shall mean August 12, 2009.

"PATRIOT Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

"Permitted Distributions" shall mean any distributions expressly contemplated or permitted by the Joint Venture Agreement or the LLC Agreement, provided, however, that any distribution otherwise permitted by the foregoing which would result in a Default or Event of Default shall not be deemed to be a Permitted Distribution.

"Permitted Indebtedness" shall mean and include:

(a) Indebtedness incurred in the ordinary course of business other than indebtedness for borrowed money or Capital Leases;

(b) Indebtedness of Borrower to Lender or an Affiliate of Lender; and

(c) Indebtedness arising from the endorsement of instruments in the ordinary course of business.

"Permitted Liens" shall mean and include:

(a) Liens for taxes or other governmental charges not at the time delinquent or thereafter payable without penalty or being contested in good faith, provided provision is made to the reasonable satisfaction of Lender for the eventual payment thereof if subsequently found payable;

(b) Liens of carriers, warehousemen, mechanics, materialmen, vendors, and landlords incurred in the ordinary course of business for sums not overdue or being contested in good faith, provided provision is made to the reasonable satisfaction of Lender for the eventual payment thereof if subsequently found payable;

(c) Deposits to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or to secure statutory obligations of surety or appeal bonds or to secure indemnity, performance or other similar bonds in the ordinary course of business;

(d) Liens arising out of a judgment or award not exceeding $100,000 (exclusive of any amounts covered by insurance issued by a Person not an Affiliate of

Borrower) with respect to which an appeal is being prosecuted, a stay of execution pending appeal having been secured; and

(e) Liens in favor of Lender.

"Person" shall mean and include an individual, a partnership, a corporation (including a business trust), a limited liability company, a joint stock company, an unincorporated association, a joint venture, a trust or other entity or a Governmental Authority.

"Purchased Receivables" shall have the meaning given to that term in Section 2.01(e).

"Required Equity Investment" shall mean the minimum amount of Investment in Borrower by the Members pursuant to the LLC Agreement.

"Requirement of Law" applicable to any Person shall mean (a) the articles or certificate of incorporation or organization, bylaws, operating agreement, limited liability company agreement, partnership agreement or other organizational or governing documents of such Person, (b) any Governmental Rule applicable to such Person, (c) any license, permit, approval or other authorization granted by any Governmental Authority to or for the benefit of such Person and (d) any judgment, decision or determination of any Governmental Authority or arbitrator, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Revolving Loan" shall have the meaning given to that term in Section 2.01(a) and shall include, for the avoidance of doubt, the revolving loans made under the Existing Credit Agreement and outstanding on the Closing Date.

"Revolving Loan Borrowing Request" shall have the meaning given to that term in Section 2.01(b).

"Revolving Loan Maturity Date" shall have the meaning given to that term in Section 2.01(a).

"Revolving Loan Note" shall have the meaning given to that term in Section 2.05(a).

"RF Products" shall mean RF Products, LLC, an Arkansas limited liability company.

"Security Documents" shall mean and include all instruments, agreements, certificates, opinions and documents (including Uniform Commercial Code financing statements) delivered to Lender in connection with any Collateral or to secure the Obligations.

"Seller" shall mean each of Toro, TCC, Toro International, Exmark, Intimidator, RF Products and Venture.

"Seller Credits" shall mean all of the rights of Borrower to any price protection payments, rebates, discounts, credits, factory holdbacks, incentive payments, warranty payments, commissions and other amounts that at any time are due to Borrower from a Seller that may arise with respect to, or in connection with, Purchased Receivables.

"SOFR Index" shall mean, for any calendar month, an annual rate equal to 1-Month Term SOFR plus 0.11448%. "1-Month Term SOFR" means, for any calendar month, the 1-Month CME Term SOFR Reference Rate published by CME Group Benchmark Administration Limited (or any successor administrator thereof) on the first day of such month (or, if not published on the first day of such month, the next date published). If 1-Month Term SOFR is less than zero, 1-Month Term SOFR shall be deemed to be zero. If Lender determines that 1-Month Term SOFR has ceased or will cease to be available, Lender will select a commercially reasonable replacement rate for use in the definition of SOFR Index.

"Subsidiary" of any Person shall mean (a) any corporation of which more than 50% of the issued and outstanding Equity Securities having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries, (b) any partnership, joint venture, or other association of which more than 50% of the equity interest having the power to vote, direct or control the management of such partnership, joint venture or other association is at the time owned and controlled by such Person, by such Person and one or more of the other Subsidiaries or by one or more of such Person's other subsidiaries and (c) any other Person included in the Financial Statements of such Person on a consolidated basis.

"Tangible Assets" shall mean, with respect to any Person at any time, the remainder at such time, determined in accordance with GAAP, of (a) the total assets of such Person minus (b) all intangible assets of such Person (to the extent included in calculating total assets in clause (a) above, including goodwill (including any amounts, however designated on the balance sheet, representing the cost of acquisition of businesses and Investments in excess of underlying tangible assets), trademarks, trademark rights, trade name rights, copyrights, patents, patent rights, licenses, unamortized debt discount, marketing expenses, organizational expenses, non-compete agreements and deferred research and development expenses).

"Taxes" shall mean present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (except net income taxes and franchise taxes imposed on Lender).

"TCC" means Toro Credit Company, a Minnesota corporation.

"Toro" shall mean The Toro Company, a Delaware corporation.

"Toro International" shall mean Toro International Company, a Minnesota corporation.

"Toro Sub" shall mean Red Iron Holding Corporation, a Delaware corporation.

"UCC" shall mean the Uniform Commercial Code as in effect in the state of Minnesota.

"Venture" shall mean Venture Products, Inc., an Ohio corporation.