

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **March 15, 2022**

**THE TORO COMPANY**

(Exact name of Registrant as Specified in Its Charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-8649**  
(Commission File Number)

**41-0580470**  
(IRS Employer Identification No.)

**8111 Lyndale Avenue South  
Bloomington, Minnesota**  
(Address of principal executive offices)

**55420**  
(Zip Code)

**(952) 888-8801**  
Registrant's telephone number, including area code:

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, par value \$1.00 per share</b>	<b>TTC</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

## Section 5 – Corporate Governance and Management

### Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On March 15, 2022, the shareholders of The Toro Company (“TTC”), upon recommendation of the Board of Directors of the Company (the “Board”), approved The Toro Company 2022 Equity and Incentive Plan (the “2022 Plan”) at TTC’s 2022 Annual Meeting of Shareholders. The Board previously approved the 2022 Plan, upon the recommendation of the Compensation & Human Resources Committee of the Board (the “Committee”) and subject to approval by TTC’s shareholders, on January 19, 2022.

The 2022 Plan became effective immediately upon approval by TTC’s shareholders and will expire on March 15, 2032, unless sooner terminated by the Board. The 2022 Plan replaced The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended (the “2010 Plan”). The 2022 Plan will be administered by the Committee and permits the Committee to grant to eligible individuals nonqualified and incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, annual performance awards, non-employee director awards and other cash-based and stock-based awards. The Committee may select 2022 Plan participants and determine the types of awards to be granted and when. Subject to adjustment as provided in the 2022 Plan, the maximum aggregate number of shares of our common stock authorized for issuance under the 2022 Plan is equal to the sum of: (a) 1,250,000 shares, plus (b) the number of shares remaining available for grant under the 2010 Plan but not subject to outstanding awards thereunder as of the effective date of the 2022 Plan, and plus (c) the number of shares subject to awards outstanding under the 2010 Plan as of the effective date of the 2022 Plan but only to the extent that such outstanding awards are forfeited, expire or otherwise terminate without the issuance of such shares after the effective date of the 2022 Plan.

The foregoing summary of the 2022 Plan does not purport to be complete and is qualified in its entirety by reference to the text of the 2022 Plan, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference. A more detailed summary of the 2022 Plan can be found in the definitive proxy statement for TTC’s 2022 Annual Meeting of Shareholders filed with the Securities and Exchange Commission (the “SEC”) on February 2, 2022.

Also on January 19, 2022, forms of award agreements for use in granting stock options, restricted stock units, performance share awards and annual performance awards under the 2022 Plan were approved by the Board or Committee. These forms are filed as Exhibits 10.2, 10.3, 10.4, 10.5 and 10.6 to this report and incorporated herein by reference.

### Item 5.07 Submission of Matters to a Vote of Security Holders.

TTC held its 2022 Annual Meeting of Shareholders on March 15, 2022. The final results of the shareholder vote on the business brought before the meeting were as follows:

	For	Against/ Withheld	Abstain	Broker Non-Votes
<b>Proposal One—Election of six director nominees, each to serve for a term ending at the annual meeting of shareholders for the year as specified below</b>				
Eric P. Hansotia (2023)	87,153,763	402,750	--	7,560,972
Jill M. Pemberton (2024)	87,245,826	310,687	--	7,560,972
Jeffrey L. Harmening (2025)	86,881,037	675,476	--	7,560,972
Joyce A. Mullen (2025)	86,121,482	1,435,031	--	7,560,972
Richard M. Olson (2025)	83,484,048	4,072,465	--	7,560,972

James C. O'Rourke (2025)	84,206,770	3,349,743	--	7,560,972
<b>Proposal Two—Ratification of the selection of KPMG LLP as TTC's independent registered public accounting firm for TTC's fiscal year ending October 31, 2022</b>	92,595,733	2,458,694	63,058	--
<b>Proposal Three—Advisory approval of executive compensation</b>	83,637,392	3,642,992	276,129	7,560,972
<b>Proposal Four—Approval of The Toro Company 2022 Equity and Incentive Plan</b>	83,490,848	3,360,900	704,765	7,560,972

Each of the directors in Proposal One was elected by TTC's shareholders to serve for a term ending at the annual meeting of shareholders for the year as specified above by the required vote, and each of Proposals Two, Three and Four was approved by TTC's shareholders by the required vote.

Regarding TTC's other directors (i) each of Jeffrey M. Ettinger, Katherine J. Harless and D. Christian Koch continue to serve as a director for a term ending at TTC's 2023 Annual Meeting of Shareholders, and (ii) each of Janet K. Cooper, Gary L. Ellis and Michael G. Vale continue to serve as a director for a term ending at TTC's 2024 Annual Meeting of Shareholders.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit No.</b>	<b>Description</b>
10.1	<a href="#">The Toro Company 2022 Equity and Incentive Plan</a>
10.2	<a href="#">Form of Nonqualified Stock Option Agreement for use with The Toro Company 2022 Equity and Incentive Plan</a>
10.3	<a href="#">Form of Nonemployee Director Stock Option Agreement for use with The Toro Company 2022 Equity and Incentive Plan</a>
10.4	<a href="#">Form of Restricted Stock Unit Award Agreement for use with The Toro Company 2022 Equity and Incentive Plan</a>
10.5	<a href="#">Form of Performance Share Award Agreement for use with The Toro Company 2022 Equity and Incentive Plan</a>
10.6	<a href="#">Form of Annual Performance Award Agreement for use with The Toro Company 2022 Equity and Incentive Plan</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURES**

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

**THE TORO COMPANY  
(Registrant)**

Date: March 16, 2022

By: /s/ Amy E. Dahl  
Amy E. Dahl  
Vice President, Human Resources and General Counsel and Corporate  
Secretary

**The Toro Company  
2022 Equity and Incentive Plan**

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# The Toro Company

## 2022 Equity and Incentive Plan

### Article 1. Establishment, Purpose and Duration

**1.1 Establishment.** The Toro Company, a Delaware corporation (the “Company”), has established an incentive compensation plan known as The Toro Company 2022 Equity and Incentive Plan, as set forth in this document (this “Plan”). This Plan provides for the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Annual Performance Awards, Nonemployee Director Awards, Other Cash-Based Awards and Other Stock-Based Awards, each as defined below in Article 2. This Plan will become effective upon its approval by the shareholders of the Company (the “Effective Date”) and will remain in effect as provided in Section 1.3. On the Effective Date, this Plan will replace and supersede in its entirety The Toro Company Amended and Restated 2010 Equity and Incentive Plan, as amended (the “Prior Plan”); provided, however, that awards outstanding under the Prior Plan as of the Effective Date shall remain outstanding in accordance with their terms. After the Effective Date, no more grants of awards shall be made under the Prior Plan.

**1.2 Purpose of This Plan.** The purpose of this Plan is to provide a means whereby Employees, Directors and Third-Party Service Providers, each as defined below in Article 2, develop a sense of ownership and personal involvement in the development and financial success of the Company, and to encourage them to devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. A further purpose of this Plan is to provide a means through which the Company may attract talented and qualified individuals to become Employees or serve as Directors or Third-Party Service Providers, and provide a means for such individuals to acquire and maintain stock ownership, which facilitates alignment of interests with the Company’s shareholders.

**1.3 Duration of This Plan.** Unless sooner terminated as provided herein, this Plan shall terminate ten (10) years from the Effective Date. After this Plan is terminated, no Awards (as defined below in Article 2) may be granted but Awards previously granted shall remain outstanding in accordance with their applicable terms and conditions and this Plan’s terms and conditions.

### Article 2. Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized.

**2.1 “Affiliate”** means a corporation or other entity (including a partnership or a limited liability company) that is controlled by, controlling, or under common control with, the Company, and is designated as an Affiliate for purposes of this Plan by the Committee.

**2.2 “Adverse Action”** means any Participant, during or within one (1) year after the termination of employment or other service with the Company, an Affiliate or a Subsidiary, (a) being employed or retained by or rendering services to any organization that, directly or indirectly, competes with or becomes competitive with the Company or such Affiliate or Subsidiary, or rendering such services that are prejudicial or in conflict with the interests of the Company, an Affiliate or a Subsidiary, as reasonably determined by the Committee, or (b) violating any confidentiality agreement or agreement governing the ownership or assignment of intellectual property rights with the Company, as reasonably determined by the Committee, or (c) engaging in any other misconduct or significant act reasonably determined by the Committee to be injurious, detrimental or prejudicial to any interest of the Company, an Affiliate or a Subsidiary.

**2.3 “Annual Performance Award”** has the meaning set forth in Section 10.1.

**2.4** "Award" means, individually or collectively, a grant under this Plan of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Annual Performance Awards, Nonemployee Director Awards, Other Cash-Based Awards or Other Stock-Based Awards, in each case subject to the terms of this Plan.

**2.5** "Award Agreement" means either: (a) a written or electronic agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award granted under this Plan, including any amendment or modification thereof, or (b) a written or electronic statement issued by the Company to a Participant describing the terms and provisions of such Award, including any amendment or modification thereof. The Committee may provide for the use of electronic, Internet, or other non-paper Award Agreements, and the use of electronic, Internet, or other non-paper means for the acceptance thereof and actions thereunder by a Participant.

**2.6** "Beneficial Owner" or "Beneficial Ownership" shall have the meaning ascribed to such terms in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

**2.7** "Board" or "Board of Directors" means the Board of Directors of the Company.

**2.8** "Business Combination" has the meaning set forth in Section 2.9(c).

**2.9** "Change of Control" means any of the following events:

- (a) The acquisition by any Person of Beneficial Ownership of twenty percent (20%) or more of either (i) the then-outstanding Shares of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2.9; or
- (b) Individuals who, as of the Effective Date, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a Director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or
- (c) Consummation of a reorganization, merger or consolidation of the Company or sale or other disposition of all or substantially all of the assets of the Company or the acquisition by the Company of assets or stock of another entity (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then-outstanding Shares and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including a corporation which as a result of such transaction owns the



Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

**2.10** "Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time. For purposes of this Plan, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

**2.11** "Committee" means the Compensation & Human Resources Committee of the Board or a subcommittee thereof, or any other committee comprised solely of directors designated by the Board to administer this Plan who are (a) "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act and (b) "independent directors" (as defined in the rules of The New York Stock Exchange). The members of the Committee shall be appointed from time to time by and shall serve at the discretion of the Board. If the Committee does not exist or cannot function for any reason, the Board may take any action under this Plan that would otherwise be the responsibility of the Committee.

**2.12** "Company" means The Toro Company, a Delaware corporation, and any successor thereto as provided in Article 21 herein.

**2.13** "Director" means any individual who is a member of the Board of Directors of the Company.

**2.14** "Disability" means the disability of the Participant such as would entitle the Participant to receive disability income benefits pursuant to the long-term disability plan of the Company, Affiliate or Subsidiary then covering the Participant or, if no such plan exists or is applicable to the Participant, the permanent and total disability of the Participant within the meaning of Code Section 22(e)(3).

**2.15** "Dividend Equivalents" has the meaning set forth in Section 3.2(i).

**2.16** "Effective Date" has the meaning set forth in Section 1.1.

**2.17** "Employee" means any individual performing services for the Company, an Affiliate, or a Subsidiary and designated as an employee of the Company, an Affiliate, or a Subsidiary on the payroll records thereof. An Employee shall not include any individual during any period he or she is classified or treated by the Company, Affiliate, or Subsidiary as an independent contractor, a consultant, or any employee of an employment, consulting, or temporary agency or any other entity other than the Company, Affiliate, or Subsidiary, without regard to whether such individual is subsequently determined to have been, or is subsequently retroactively reclassified as a common-law employee of the Company, Affiliate, or Subsidiary during such period. An individual shall not cease to be an Employee in the case of: (a) any leave of absence approved by the Company, or (b) transfers between locations of the Company or between the Company, any Affiliates, or any Subsidiaries. For purposes of Incentive Stock Options, no

such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company, an Affiliate or a Subsidiary, as applicable, is not so guaranteed, then three (3) months following the ninety-first (91<sup>st</sup>) day of such leave, any Incentive Stock Option held by a Participant shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonqualified Stock Option. Neither service as a Director nor payment of a Director's fee by the Company shall be sufficient to constitute "employment" by the Company.

**2.18** "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

**2.19** "Fair Market Value" or "FMV" means, with respect to a Share, as of any date: (a) the closing sale price of a Share at the end of the regular trading session, as reported by the New York Stock Exchange LLC, The Nasdaq Stock Market LLC, the NYSE American LLC or any national exchange on which the Shares are then listed or quoted (or, if no Shares were traded on such date, as of the next preceding date on which there was such a trade); or (b) if the Shares are not so listed, admitted to unlisted trading privileges, or reported on any national exchange, the closing sale price as of such date at the end of the regular trading session, as reported by the OTC Markets Group or OTC Bulletin Board, or other comparable service (or, if no Shares were traded or quoted on such date, as of the next preceding date on which there was such a trade or quote); or (c) if Shares are not so listed or reported, such price as the Committee determines in good faith, and consistent with the definition of "fair market value" under Code Section 409A.

**2.20** "Full-Value Award" means an Award other than in the form of an ISO, NQSO or SAR, and which is settled by the issuance of Shares.

**2.21** "Grant Date" means the date an Award is granted to a Participant pursuant to this Plan.

**2.22** "Grant Price" means the price established at the time of grant of an SAR pursuant to Article 7, used to determine whether there is any payment due upon exercise of the SAR.

**2.23** "Incentive Stock Option" or "ISO" means an Option to purchase Shares granted pursuant to Article 6 to an Employee and that is designated as an Incentive Stock Option that is intended to meet the requirements of Code Section 422 or any successor provision.

**2.24** "Incumbent Board" has the meaning set forth in Section 2.9(b).

**2.25** "Insider" shall mean an individual who is, on the relevant date, an officer or Director of the Company, or a more than ten percent (10%) Beneficial Owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Board in accordance with Section 16 of the Exchange Act.

**2.26** "Maximum Payout" has the meaning set forth in Section 10.3.

**2.27** "Nonemployee Director" means a Director who is not an Employee.

**2.28** "Nonemployee Director Award" means any NQSO, SAR or Full-Value Award granted, whether singly, in combination, or in tandem, to a Participant who is a Nonemployee Director pursuant to such applicable terms, conditions and limitations as the Board or Committee may establish in accordance with this Plan, including any Nonemployee Director Option or Nonemployee Director Shares granted pursuant to Article 11.

**2.29** "Nonemployee Director Option" has the meaning set forth in Section 11.2(a).

**2.30** "Nonemployee Director Shares" has the meaning set forth in Section 11.1.

**2.31** “**Nonqualified Stock Option**” or “**NQSO**” means an Option that is not intended to meet the requirements of Code Section 422, or that otherwise does not meet such requirements, including an NQSO granted pursuant to Article 6 and a Nonemployee Director Option granted pursuant to Article 11.

**2.32** “**Outstanding Company Common Stock**” has the meaning set forth in Section 2.9(a).

**2.33** “**Outstanding Company Voting Securities**” has the meaning set forth in Section 2.9(a).

**2.34** “**Option**” means (a) an Incentive Stock Option or a Nonqualified Stock Option, granted pursuant to Article 6 or (b) a Nonemployee Director Option, granted pursuant to Article 11.

**2.35** “**Option Price**” means the price at which a Share may be purchased by a Participant pursuant to an Option.

**2.36** “**Other Cash-Based Award**” means an Award, denominated and paid in cash, not otherwise described by the terms of this Plan, granted pursuant to Article 12.

**2.37** “**Other Stock-Based Award**” means an equity-based or equity-related Award not otherwise described by the terms of this Plan, granted pursuant to Article 12.

**2.38** “**Participant**” means any eligible individual as set forth in Article 5 to whom an Award is granted.

**2.39** “**Participation Factor**” has the meaning set forth in Section 10.2.

**2.40** “**Performance Goals**” mean with respect to any applicable Award, one or more targets, goals or levels of attainment required to be achieved in terms of the specified Performance Measures during the specified Performance Period, as set forth in the related Award Agreement.

**2.41** “**Performance Measures**” mean such performance measures as determined by the Committee in its sole discretion and set forth in the applicable Award Agreement for purposes of determining the applicable Performance Goal and which may include any one or more of the following measures: revenue, net revenue, revenue growth, revenues from new products, sales, bad debts, direct or indirect material, labor or manufacturing costs, costs of goods sold, selling, general and administrative expenses, operating expenses, non-cash expenses, tax expense, non-operating expenses, total expenses; gross margin, net operating income, earnings before interest, taxes, depreciation and amortization (EBITDA), earnings before interest and taxes (EBIT), net operating income after taxes (NOPAT), net income, net income before taxes, net cash flow, net cash flow from operations, maintenance or improvement of profit margins; cash and cash equivalents, excess cash, accounts receivable, days sales outstanding, inventories, current assets, working capital, total capital, fixed assets, total assets, net assets, plan utilization, manufacturing overhead variance, accounts payable, current accrued liabilities, total current liabilities, total debt, debt principal payments, net current borrowings, total long-term debt, credit rating, retained earnings, total common equity, cash-to-debt, interest coverage, after-tax interest, liquidity, earnings per share (diluted, fully diluted and diluted net adjusted), stock price, dividends, shares repurchased, total return to shareholders, price/earnings ratio, market capitalization, book value, debt coverage ratios, return on assets, equity or invested capital, economic profit (for example, economic value added); dealer/channel size/scope, dealer/channel performance/effectiveness, order fill rate, customer satisfaction, retention or service/care, brand awareness and perception, market share, warranty rates, channel inventory, service quality, strategic business objectives, introduction of new products, acquisition/entrance into new markets, asset acquisitions, strategic asset sales or acquisitions, improvements in capital structure; headcount, employee performance, employee productivity, standard hours, employee engagement/satisfaction, employee turnover, employee diversity, safety, quality, satisfactory completion of major project or organizational initiative, environmental initiatives or metrics, social initiatives or metrics, governance initiatives or metrics. Any Performance Measure(s) may be used to measure the performance of the Company, Subsidiary or Affiliate as a whole or any

division or business unit of the Company, product or product group, region or territory, Subsidiary or Affiliate, or any combination thereof, as the Committee may deem appropriate. Any Performance Measure(s) can be used in an algebraic formula (e.g., averaged over a period, combined into a ratio, compared to a budget or standard, compared to previous periods and/or other formulaic combinations) or compared to the performance of a group of comparator companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or the Company may select any Performance Measure(s) above as compared to various stock market indices.

**2.42** "Performance Period" means the period of time, as determined by the Committee, during which the Performance Goals must be met in order to determine the degree of payout or vesting with respect to an Award.

**2.43** "Performance Share" means an Award under Article 9 herein and subject to the terms of this Plan, denominated in Shares, the value of which at the time it is payable is determined as a function of the extent to which corresponding Performance Goals have been achieved.

**2.44** "Performance Unit" means an Award under Article 9 herein and subject to the terms of this Plan, denominated in units, the value of which at the time it is payable is determined as a function of the extent to which corresponding Performance Goals have been achieved.

**2.45** "Period of Restriction" means the period when Restricted Stock or Restricted Stock Units are subject to a substantial risk of forfeiture (based on the passage of time, the achievement of Performance Goals, or upon the occurrence of other events as determined by the Committee, in its discretion), as provided in Article 8.

**2.46** "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.

**2.47** "Plan" means The Toro Company 2022 Equity and Incentive Plan, as amended and restated from time to time in accordance with Article 19.

**2.48** "Plan Year" means the Company's fiscal year which, as of the Effective Date, begins November 1 and ends October 31.

**2.49** "Prior Plan" mean The Toro Company 2010 Equity and Incentive Plan, as amended and restated and as further amended from time to time.

**2.50** "Restricted Stock" means an Award granted to a Participant pursuant to Article 8.

**2.51** "Restricted Stock Unit" means an Award granted to a Participant pursuant to Article 8, except no Shares are actually issued to the Participant on the Grant Date.

**2.52** "Retirement" shall have the meaning established by the Committee from time to time or, if no such meaning is established, shall mean termination of employment with the Company or any Affiliate or Subsidiary at or after age 55 and with a number of years of service that, when added together with the Participant's age, equals at least 65.

**2.53** "Scale Back" has the meaning set forth in Section 9.8.

**2.54** "Share" means a share of common stock of the Company, par value \$1.00 per share.

**2.55** "Share Payment" has the meaning set forth in Section 20.2.

**2.56** "SPM Performance Goals" has the meaning set forth in Section 10.5.

- 2.57 “**Stock Appreciation Right**” or “**SAR**” means an Award, designated as an SAR, pursuant to the terms of Article 7 herein.
- 2.58 “**Stock-Based Award**” means any equity-based or equity-related Award made pursuant to the Plan, including Options, SARs, Restricted Stock, Restricted Stock Units, Performance Shares, Nonemployee Directors Awards and Other Stock-Based Awards.
- 2.59 “**Strategic Performance Participants**” has the meaning set forth in Section 10.5.
- 2.60 “**Subsidiary**” means any corporation or other entity, whether domestic or foreign, in which the Company has or obtains, directly or indirectly, an interest of more than fifty percent (50%) by reason of stock ownership or otherwise.
- 2.61 “**Supplemental Division Performance Goals**” has the meaning set forth in Section 10.4.
- 2.62 “**Target Payout**” has the meaning set forth in Section 10.2.
- 2.63 “**Tax Laws**” has the meaning set forth in Section 23.20.
- 2.64 “**Third-Party Service Provider**” means any consultant, agent, advisor or independent contractor who renders services to the Company, a Subsidiary or an Affiliate that: (a) are not in connection with the offer and sale of the Company’s securities in a capital raising transaction, and (b) do not directly or indirectly promote or maintain a market for the Company’s securities.

### Article 3. Administration

**3.1 General.** The Committee shall be responsible for administering this Plan, subject to this Article 3 and the other provisions of this Plan. The Committee may employ attorneys, consultants, accountants, agents and other individuals, any of whom may be an Employee, and the Committee, the Company and its officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such individuals. All actions taken, and all interpretations and determinations made, by the Committee shall be final and binding upon the Participants, the Company, any Affiliate or any Subsidiary and all other interested individuals.

**3.2 Authority of the Committee.** Subject to any express limitations set forth in this Plan, the Committee shall have full and exclusive discretionary power and authority to take such actions as it deems necessary and advisable with respect to the administration of this Plan including the following:

- (a) To determine from time to time which of the persons eligible under this Plan shall be granted Awards, when and how each Award shall be granted, what type or combination of types of Awards shall be granted, the provisions of each Award granted (which need not be identical), including the time or times when a person shall be permitted to receive Shares pursuant to an Award, and the number of Shares subject to an Award;
- (b) To construe and interpret this Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Committee, in the exercise of this power, may correct any defect, omission or inconsistency in this Plan or in an Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make this Plan fully effective;
- (c) To approve forms of Award Agreements for use under this Plan;
- (d) To determine Fair Market Value of a Share in accordance with Section 2.19;
- (e) To amend this Plan or any Award Agreement as provided in this Plan;

- (f) To adopt subplans or special provisions applicable to stock awards regulated by the laws of a jurisdiction other than, and outside of, the United States. Such subplans or special provisions may take precedence over other provisions of this Plan, but unless otherwise superseded by the terms of such subplans or special provisions, the provisions of this Plan shall govern;
- (g) To authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Committee;
- (h) To determine whether Awards will be settled in Shares, cash or in any combination thereof;
- (i) Subject to Article 15 and any other provision of this Plan, to determine whether Awards will be adjusted for dividend equivalents, with "Dividend Equivalents" meaning a credit, made at the discretion of the Committee, to the account of a Participant in an amount equal to the cash dividends paid on one Share for each Share represented by an Award held by such Participant, which Dividend Equivalents may be subject to the same conditions and restrictions as the Awards to which they attach and may be settled in the form of cash, Shares, or in any combination of both; or
- (j) To impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by the Participant of any Shares, including: (i) restrictions under an insider trading policy, and (ii) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

**3.3 Delegation.** To the extent permitted by applicable law, the Committee may delegate to one or more of its members or to one or more officers of the Company or any Subsidiary or Affiliate or to one or more agents or advisors such administrative duties or powers as it may deem advisable, and the Committee or any individuals to whom it has delegated duties or powers as aforesaid may employ one or more individuals to render advice with respect to any responsibility the Committee or such individuals may have under this Plan. The Committee may, by resolution, authorize one or more Directors or officers of the Company to do one or both of the following on the same basis as can the Committee: (a) designate persons eligible under this Plan to be recipients of Awards pursuant to this Plan; and (b) determine the size of any such Awards; provided, however, that (i) the Committee shall not delegate such responsibilities to any such Director(s) or officer(s) for any Awards granted to an individual who is considered an Insider; or (ii) to whom authority to grant or amend Awards has been delegated hereunder; provided, further, that any delegation of administrative authority will only be permitted to the extent it is permissible under applicable law; (aa) the resolution providing such authorization shall set forth the type of Awards and total number of each type of Awards such Director(s) or officer(s) may grant; and (bb) the Director(s) or officer(s) shall report periodically to the Committee regarding the nature and scope of the Awards granted pursuant to the authority delegated. At all times, the delegate appointed under this Section 3.3 will serve in such capacity at the pleasure of the Committee.

#### **Article 4. Shares Subject to This Plan and Available for Awards; Adjustments; Minimum Vesting Periods**

**4.1 Number of Shares Authorized and Available for Awards.** Subject to adjustment as provided in Section 4.3, the number of Shares authorized and available for Awards under this Plan shall be determined in accordance with the following provisions:

- (a) The maximum number of Shares available for issuance under this Plan shall be equal to the sum of: (i) 1,250,000 Shares, plus (ii) the number of Shares remaining available for issuance under the Prior Plan as of the Effective Date but not subject to outstanding awards as of the Effective Date; and plus (iii) the number of Shares subject to awards outstanding under the Prior Plan as of the Effective Date but only to the extent that such

outstanding awards are forfeited, expire or otherwise terminate without the issuance of such Shares after the Effective Date.

- (b) No more than 2,500,000 of the Shares authorized for issuance under this Plan may be issued pursuant to Full-Value Awards.
- (c) The maximum number of Shares that may be issued pursuant to ISOs under this Plan shall be 1,250,000.

**4.2 Share Usage.** Shares covered by an Award shall be counted as used only to the extent they are actually issued; provided, however, the full number of Shares subject to an SAR granted that are settled by the issuance of Shares shall be counted against the Shares authorized for issuance under this Plan, regardless of the number of Shares actually issued upon settlement of such SAR. Furthermore, any Shares tendered or withheld to satisfy tax withholding obligations on Awards issued under this Plan, any Shares tendered or withheld to pay the Option Price or Grant Price of Awards under this Plan and any Shares not issued or delivered as a result of the "net exercise" of an outstanding Option pursuant to Section 6.6 shall be counted against the Shares authorized for issuance under this Plan. Any Shares repurchased by the Company on the open market using the proceeds from the exercise of an Award shall not increase the number of Shares available for future grant of Awards. Any Shares related to Awards under this Plan or under the Prior Plan that terminate by expiration, forfeiture, cancellation or otherwise without the issuance of the Shares or are settled in cash in lieu of Shares, or are exchanged with the Committee's permission, prior to the issuance of Shares, shall be available again for grant under this Plan. The Shares available for issuance under this Plan may be authorized and unissued Shares or treasury Shares.

**4.3 Adjustments in Authorized Shares.** Adjustment in authorized Shares available for issuance under this Plan or under an outstanding Award shall be subject to the following provisions:

- (a) Except to the extent that Section 18.1 applies, in the event of any corporate event or transaction (including a change in the Shares of the Company or the capitalization of the Company) such as a merger, consolidation, reorganization, recapitalization, separation, partial or complete liquidation, stock dividend, stock split, reverse stock split, split up, spin-off or other distribution of stock or property of the Company, combination of Shares, exchange of Shares, dividend in-kind or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of the Company or any similar corporate event or transaction, the Committee, in order to prevent dilution or enlargement of Participants' rights under this Plan, will substitute or adjust, as applicable, the number and kind of Shares that may be issued under this Plan or under particular forms of Awards, the number and kind of Shares subject to outstanding Awards, the Option Price or Grant Price applicable to outstanding Awards, and other value determinations applicable to outstanding Awards, provided that the Committee, in its sole discretion, shall determine the methodology or manner of making such substitution or adjustment.
- (b) The Committee, in its sole discretion, may also make appropriate adjustments in the terms of any Awards under this Plan to reflect such changes or distributions and to modify any other terms of outstanding Awards, including modifications of Performance Goals and changes in the length of Performance Periods.
- (c) The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under this Plan.
- (d) Subject to the provisions of Article 19 and notwithstanding anything else herein to the contrary, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance or assumption of benefits under this Plan in connection with any merger, consolidation, acquisition of property or stock or

reorganization upon such terms and conditions as it may deem appropriate, subject to compliance with the rules under Code Sections 409A, 422 and 424, as and where applicable.

**4.4 Minimum Vesting Requirements on Awards.** Notwithstanding any other provision of this Plan to the contrary, but subject to Section 4.3 and Article 18, equity-based Awards granted under this Plan will vest no earlier than the one-year anniversary of the date the Award is granted and any Awards under this Plan which vest upon the attainment of Performance Goals will provide for a Performance Period of at least one (1) year; provided, however, that, notwithstanding the foregoing, Awards that result in the issuance of an aggregate of up to five percent (5%) of the Shares available pursuant to Section 4.1 may be granted to any one or more eligible Non-Employee Directors, Third-Party Service Provider or Employees without respect to such minimum vesting condition; and provided, further, that nothing in this Section 4.4 shall preclude the Committee from taking action, in its sole discretion, to accelerate the vesting of any Award in connection with or following a Participant's: (a) termination of employment or service after the one-year anniversary of the date the Award is granted; (b) death; or (c) disability. This Section 4.4 will be inapplicable to (i) substitute Awards granted pursuant to Article 22 of this Plan, (ii) shares delivered in lieu or payment of fully vested cash Awards or other cash obligations and (iii) Awards to Non-Employee Directors that vest on the earlier of the one-year anniversary of the date of grant or the next annual meeting of shareholders which is at least 50 weeks after the immediately preceding year's annual meeting.

#### **Article 5. Eligibility and Participation**

**5.1 Eligibility.** Individuals eligible to participate in this Plan include all Employees, Directors and Third-Party Service Providers.

**5.2 Actual Participation.** Subject to the provisions of this Plan, the Committee may, from time to time, select from all eligible individuals, those individuals to whom Awards shall be granted and shall determine, in its sole discretion, the nature of any and all terms permissible by law and the amount of each Award.

#### **Article 6. Stock Options**

**6.1 Grant of Options.** Subject to the terms and provisions of this Plan (including Section 19.5), Options may be granted to Participants pursuant to this Article 6 in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee, in its sole discretion. Options may be granted to a Participant for services provided to an Affiliate only if, with respect to such Participant, the underlying Shares constitute "service recipient stock" within the meaning of Treas. Reg. Section 1.409A-1(b)(5) (iii). ISOs may be granted solely to eligible Employees of the Company or certain Subsidiaries (as permitted under Code Sections 422 and 424). To the extent that any ISO (or portion thereof) granted under this Plan ceases for any reason to qualify as an "incentive stock option" for purposes of Code Section 422, such ISO (or portion thereof) will continue to be outstanding for purposes of this Plan but will thereafter be deemed to be an NQSO.

**6.2 Award Agreement.** Each Option granted pursuant to this Article 6 shall be evidenced by an Award Agreement that shall specify the Option Price, the maximum duration of the Option, the number of Shares to which the Option pertains, the conditions upon which an Option shall become vested and exercisable, and such other provisions as the Committee shall determine which are not inconsistent with the terms of this Plan. The Award Agreement also shall specify whether the Option is intended to be an ISO or an NQSO.

**6.3 Option Price.** The Option Price for each grant of an Option pursuant to this Article 6 shall be determined by the Committee in its sole discretion and shall be specified in the Award Agreement; provided, however, the Option Price must be at least equal to one hundred percent (100%) of the FMV of a Share as of the Option's Grant Date.



**6.4 Term of Options.** Each Option granted to a Participant pursuant to this Article 6 shall expire at such time as the Committee shall determine at the time of grant; provided, however, no Option shall be exercisable later than the tenth (10th) anniversary of its Grant Date, subject to any extension permitted by the Committee in accordance with Section 23.8 for Nonqualified Stock Options granted to Participants outside the United States.

**6.5 Exercise of Options.** Options granted pursuant to this Article 6 shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve (subject, in each case, to Sections 4.4 and 19.5), which terms and restrictions need not be the same for each grant or for each Participant. Notwithstanding the foregoing, if the exercise of an Option that is exercisable in accordance with its terms is prevented by the provisions of Sections 23.4, 23.5, 23.6 or 23.7 below, the Option will remain exercisable until thirty (30) days after the date such exercise first would no longer be prevented by such provisions, but in any event no later than the expiration date of such Option.

**6.6 Payment.** Options granted under this Plan shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, and accompanied by full payment of the aggregate Option Price for the Shares. A condition of the issuance of the Shares as to which an Option shall be exercised shall be the payment of the Option Price. The Option Price of any exercised Option shall be payable to the Company in accordance with one of the following methods:

- (a) In cash or its equivalent as determined by the Committee in its sole discretion;
- (b) By tendering (either by actual delivery or attestation) previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the Option Price;
- (c) By a cashless (broker-assisted) exercise;
- (d) By a "net exercise" of the Option (as further described below);
- (e) By any combination of (a), (b), (c) and (d); or
- (f) Any other method approved or accepted by the Committee in its sole discretion.

In the case of a "net exercise" of an Option, the Company will not require a payment of the Option Price of the Option from the Participant but will reduce the number of Shares issued upon the exercise by the largest number of whole Shares that has a Fair Market Value on the exercise date that does not exceed the aggregate Option Price for the Shares exercised under this method. Shares will no longer be outstanding under an Option (and will therefore not thereafter be exercisable) following the exercise of such Option to the extent of (i) Shares used to pay the Option Price of an Option under the "net exercise," (ii) Shares actually delivered to the Participant as a result of such exercise, and (iii) any Shares withheld for purposes of tax withholding pursuant to Article 20 of this Plan.

Subject to any governing rules or regulations, as soon as practicable after receipt of written notification of exercise and full payment (including satisfaction of any applicable tax withholding), the Company shall deliver to or for the benefit of the Participant that number of Shares purchased under the Option(s) by means of one or more of the following, each in the Company's sole discretion: (i) by delivering to the Participant evidence of book entry Shares credited to the account of the Participant; or (ii) by depositing such Shares for the benefit of the Participant with any broker with which the Participant has an account relationship or the Company has engaged to provide such services for the Plan. Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars or Shares, as applicable.

## Article 7. Stock Appreciation Rights

**7.1 Grant of SARs.** Subject to the terms and conditions of this Plan, SARs may be granted to Participants at any time and from time to time as shall be determined by the Committee. Subject to the terms and conditions of this Plan (including Section 19.5), the Committee shall have complete discretion in determining the number of SARs granted to each Participant and, consistent with the provisions of this Plan, in determining the terms and conditions pertaining to such SARs. SARs may be granted to a Participant for services provided to an Affiliate only if, with respect to such Participant, the underlying Shares constitute "service recipient stock" within the meaning of Treas. Reg. Section 1.409A-1(b)(5)(iii).

**7.2 Award Agreement.** Each SAR granted pursuant to this Article 7 shall be evidenced by an Award Agreement that shall specify the Grant Price, the term of the SAR, and such other provisions as the Committee shall determine.

**7.3 Grant Price.** The Grant Price for each grant of an SAR shall be determined by the Committee and shall be specified in the Award Agreement; provided, however, the Grant Price must be at least equal to one hundred percent (100%) of the FMV of a Share as of the Grant Date.

**7.4 Term of SAR.** The term of an SAR granted under this Plan shall be determined by the Committee, in its sole discretion, and except as determined otherwise by the Committee and specified in the Award Agreement, no SAR shall be exercisable later than the tenth (10th) anniversary of its Grant Date, subject to any extension permitted by the Committee in accordance with Section 23.8 for SARs granted to Participants outside the United States.

**7.5 Exercise of SARs.** SARs may be exercised by giving notice in the same manner as that used for Options, as set forth in Section 6.6, subject to any terms and conditions the Committee, in its sole discretion, imposes (subject, in each case, to Sections 4.4 and 19.5). Notwithstanding the foregoing, if the exercise of an SAR that is exercisable in accordance with its terms is prevented by the provisions of Sections 23.4, 23.5, 23.6 or 23.7 below, the SAR will remain exercisable until thirty (30) days after the date such exercise first would no longer be prevented by such provisions, but in any event no later than the expiration date of such SAR.

**7.6 Settlement of SARs.** Upon the exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The excess of the Fair Market Value of a Share on the date of exercise over the Grant Price; by
- (b) The number of Shares with respect to which the SAR is exercised.

**7.7 Form of Payment.** Payment, if any, with respect to an SAR settled in accordance with Section 7.6 shall be made in accordance with the terms of the applicable Award Agreement, in cash, Shares or a combination thereof, as the Committee determines.

**7.8 Other Restrictions.** The Committee shall impose such other conditions or restrictions on any Shares received upon exercise of an SAR granted pursuant to this Plan as it may deem advisable or desirable. These restrictions may include a requirement that the Participant hold the Shares received upon exercise of an SAR for a specified period of time.

## Article 8. Restricted Stock and Restricted Stock Units

**8.1 Grant of Restricted Stock or Restricted Stock Units.** Subject to the terms and provisions of this Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock or Restricted Stock Units to Participants in such amounts as the Committee shall determine.

Restricted Stock Units shall be similar to Restricted Stock except that no Shares are actually awarded to the Participant on the Grant Date.

**8.2 Award Agreement.** Each Restricted Stock or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock or the number of Restricted Stock Units granted, and such other provisions as the Committee shall determine (subject, in each case, to Section 19.5).

**8.3 Conditions and Restrictions.** The Committee shall impose such conditions or restrictions on any Shares of Restricted Stock or Restricted Stock Units granted pursuant to this Plan as it may deem advisable including a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock or each Restricted Stock Unit, restrictions based upon the achievement of specific Performance Goals, time-based restrictions on vesting following the attainment of the Performance Goals, time-based restrictions, restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Shares are listed or traded or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Restricted Stock or Restricted Stock Units.

**8.4 Restricted Stock Transfer Restrictions; Lapse of Restrictions on Restricted Stock and Restricted Stock Units.**

- (a) Unless otherwise determined by the Committee, until such time as all conditions or restrictions applicable to Shares of Restricted Stock have been satisfied or lapse, (i) Shares of Restricted Stock will be held at the Company's transfer agent in book entry form in the name of the Participant or (iii) such Shares of Restricted Stock will be held for the benefit of the Participant in nominee name by the broker engaged by the Company to provide such services for the Plan, in each case with appropriate restrictions relating to the transfer of such Shares of Restricted Stock. Except as otherwise provided in this Article 8 and subject to Section 14.2, Shares of Restricted Stock covered by each Restricted Stock Award shall become freely transferable by the Participant after all conditions and restrictions applicable to such Shares have been satisfied or lapse (including satisfaction of any applicable tax withholding obligations).
- (b) Restricted Stock Units shall be paid in cash, Shares or a combination of cash and Shares as the Committee, in its sole discretion, shall determine, and as provided in the Award Agreement, except that if a Participant has properly elected to defer income that may be attributable to a Restricted Stock Unit under a Company deferred compensation plan, common stock units will be credited to the Participant's account under such plan and paid out in accordance with the terms of such plan. Any Shares issued under such deferred compensation plan that relate to the deferral of Restricted Stock Units granted under this Plan (including without limitation any Dividend Equivalents paid in Shares) will be deemed to be issued under this Plan. Upon the satisfactions, lapse or waiver of all conditions or restrictions applicable to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the Participant holder of the Restricted Stock Units or the broker engaged by the Company to provide services for the Plan for the benefit of the Participant holder of the Restricted Stock Units.

**8.5 Restrictive Legends.** In addition to any restrictions on Shares pursuant to Section 8.3, each book-entry notation representing Shares of Restricted Stock granted pursuant to this Plan may bear a legend such as the following (and Shares of Restricted Stock held for the benefit of the Participant in nominee name by the broker engaged by the Company to provide such services for the Plan will be subject to restrictions set forth in the following legend) or as otherwise determined by the Committee in its sole discretion:

"The sale or transfer of shares of stock represented by this book-entry notation, whether voluntary, involuntary or by operation of law, is subject to certain restrictions on transfer

as set forth in The Toro Company 2022 Equity and Incentive Plan, as may be amended from time to time (the "Plan"), and in the associated award agreement. A copy of the Plan and such award agreement may be obtained from The Toro Company."

**8.6 Voting Rights.** Unless otherwise determined by the Committee and set forth in a Participant's Award Agreement, to the extent permitted or required by law, as determined by the Committee, Participants holding Shares of Restricted Stock granted hereunder shall be granted the right to exercise full voting rights with respect to those Shares during the Period of Restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

**8.7 Dividend Rights.**

(a) Unless otherwise determined by the Committee and set forth in a Participant's Award Agreement, to the extent permitted or required by law, as determined by the Committee, Participants holding Shares of Restricted Stock granted hereunder shall have the same dividend rights as the Company's other shareholders; provided, however, that any dividends (cash or stock-based) as to Shares of Restricted Stock that are subject to vesting requirements will be subject to forfeiture and termination to the same extent as the Shares of Restricted Stock to which such dividends relate and the Award Agreement may require that any cash dividends be reinvested in additional Shares of Restricted Stock subject to the same conditions and restrictions as the Shares of Restricted Stock with respect to which the dividends were paid. Notwithstanding the generality of the foregoing and for the avoidance of any doubt, in no event shall dividends with respect to Shares of Restricted Stock that are subject to performance-based vesting be paid out until the performance-based vesting provisions of such Restricted Stock lapse.

(b) Unless otherwise determined by the Committee and set forth in a Participant's Award Agreement, to the extent permitted or required by law, as determined by the Committee, prior to settlement or forfeiture, any Restricted Stock Units awarded under the Plan may, at the Committee's discretion, carry with it a right to Dividend Equivalents. Such right, if applicable, would entitle the Participant to be credited with an amount equal to all cash dividends paid on one Share while the Restricted Stock Unit is outstanding or may be converted into additional Restricted Stock Units; provided, however, that such Dividend Equivalents will be made subject to the same conditions and restrictions as the Restricted Stock Units to which they attach and settlement of such Dividend Equivalents may be made in the form of cash, in the form of Shares, or in a combination of both. Notwithstanding the generality of the foregoing and for the avoidance of any doubt, in no event shall any dividends or Dividend Equivalents be paid out to Participants holding performance-based Restricted Stock Units until the performance-based vesting provisions of such Restricted Stock Units lapse.

**8.8 Section 83(b) Election for Restricted Stock Award.** If a Participant makes an election pursuant to Code Section 83(b) with respect to an Award of Restricted Stock, the Participant must file, within thirty (30) days following the Grant Date, a copy of such election with the Company and with the Internal Revenue Service, in accordance with the regulations under Code Section 83. The Committee may provide in the Award Agreement that the Award of Restricted Stock is conditioned upon the Participant's making or refraining from making an election with respect to the Award under Code Section 83(b).

**Article 9. Performance Units and Performance Shares**

**9.1 Grant of Performance Units and Performance Shares.** Subject to the terms and provisions of this Plan (including Section 19.5), the Committee, at any time and from time to time, may grant Performance Units or Performance Shares to Participants in such amounts and upon such terms as the Committee shall determine.

**9.2 Award Agreement.** The terms and conditions of any grant of any Performance Units or Performance Shares shall be set forth in an Award Agreement.

**9.3 Value of Performance Units and Performance Shares.** Each Performance Unit shall have an initial value that is established by the Committee at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Grant Date. The Committee shall set Performance Goals in its discretion which, depending on the extent to which they are met, will determine the value or number of Performance Units or Performance Shares that will be paid out to the Participant. Pursuant to Section 4.4, the Performance Period set forth in any Award Agreement for any Performance Units or Performance Shares shall be at least one year, except in connection with the death or Disability of the Participant or a Change of Control.

**9.4 Earning of Performance Units and Performance Shares.** Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Units or Performance Shares shall be entitled to receive payout on the value and number of Performance Units or Performance Shares earned by the Participant over the Performance Period, to be determined by the Committee as a function of the extent to which the corresponding Performance Goals have been achieved.

**9.5 Evaluation of Performance.** In evaluating the extent to which Performance Goals have been achieved and in approving payouts to holders of Performance Units or Performance Shares, the Committee may include or exclude any of the following events that occurs during a Performance Period: (a) items related to a change in accounting or measurement principles; (b) items relating to financing activities; (c) expenses for restructuring or productivity initiatives; (d) other non-operating items; (e) items related to acquisitions; (f) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (g) items related to the disposal of a business or segment of a business; (h) items related to discontinued operations that do not qualify as a segment of a business under applicable accounting standards; (i) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (j) any other items of significant income or expense which are determined to be appropriate adjustments; (k) items relating to unusual or extraordinary corporate transactions, events or developments, (l) items related to amortization of acquired intangible assets; (m) items that are outside the scope of the Company's core, on-going business activities; (n) items related to acquired in-process research and development; (o) items relating to changes in tax laws; (p) items relating to major licensing or partnership arrangements; (q) items relating to asset impairment charges; (r) items relating to gains or losses for litigation, arbitration and contractual settlements; (s) foreign exchange gains and losses; or (t) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions.

**9.6 Discretionary Adjustments.** The Committee shall retain the discretion to adjust Awards upward or downward, either on a formula or discretionary basis or any combination, as the Committee determines. In addition, subject to the terms and conditions of this Plan, the Committee also has the authority to provide for accelerated vesting of any Performance Shares or Performance Units based on the achievement of Performance Goals.

**9.7 Reassignment.** If prior to the end of a Performance Period, but after the conclusion of one year of the Performance Period, a Participant holding Performance Units or Performance Shares is reassigned to a position with the Company or any Affiliate or Subsidiary, and that position is not eligible to participate in such an Award, but the Participant does not terminate employment or service with the Company or any Affiliate or Subsidiary, as the case may be, the Committee may, in its sole discretion: (a) cause Shares to be delivered or payment made with respect to the Participant's Award in accordance with Section 9.9, but only if otherwise earned for the entire Performance Period or (b) cause Shares to be delivered or payment made with respect to the Participant's Award in accordance with Section 9.9, but only if otherwise earned for the entire Performance Period and only with respect to the portion of the applicable Performance Period completed at the date of such reassignment, with proration based on the number of months or years such Participant served in the prior position during the Performance Period.

**9.8 Committee Discretion to Scale Back Awards.** At any time during a Performance Period of more than one year, the Committee may, in its discretion, cancel a portion of an Award of Performance Shares or Performance Units prior to the conclusion of the Performance Period (a "Scale Back"), provided that:

- (a) the Award has not yet vested;
- (b) based on financial information contained in the financial statements or similar internal reports of the Company or any Affiliate or Subsidiary, as the case may be, the Committee determines that the Performance Goals for the Performance Period cannot be achieved at the maximum levels established at the time of grant;
- (c) Awards shall be Scaled Back in proportion to the estimated short fall in achievement of Performance Goals from maximum levels;
- (d) all Awards for the same Performance Period are Scaled Back by the same percentage;
- (e) once an Award is Scaled Back, it may not again be increased to add or recover Performance Shares or Performance Units that were canceled; and
- (f) Performance Shares or Performance Units canceled in a Scale Back shall again be available to the Committee for grant of new Awards of Performance Shares or Performance Units for any future Performance Period. This provision shall not be used in any manner that could have the effect of repricing a previous Award of Performance Shares or Performance Units.

**9.9 Form and Timing of Payment of Performance Units or Performance Shares.** Payment of earned Performance Units or Performance Shares shall be as determined by the Committee and as evidenced in the Award Agreement. Subject to the terms of this Plan, the Committee, in its sole discretion, may pay earned Performance Units or Performance Shares in the form of cash or in Shares (or in a combination thereof) equal to the value of the earned Performance Units or Performance Shares at the close of the applicable Performance Period or as soon as practicable after the end of the Performance Period, except that if a Participant has properly elected to defer income that may be attributable to Performance Shares or Performance Units under a Company deferred compensation plan, common stock units will be credited to the Participant's account under such deferred compensation plan and paid in accordance with the terms of such plan. Any Shares issued under such deferred compensation plan that relate to the deferral of Performance Shares or Performance Units granted under this Plan (including without limitation any Dividend Equivalents paid in Shares) will be deemed to be issued under this Plan. Any Shares issued in payment of earned Performance Units or Performance Shares may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

**9.10 Dividend Rights.** If provided specifically in an Award Agreement and only to the extent permitted by law, a Participant holding Performance Units or Performance Shares awarded under the Plan may receive Dividend Equivalents based on the cash dividends declared on the Shares that are subject to such Performance Units or Performance Shares during the period between the date that such Performance Units or Performance Shares are granted and the date such Performance Units or Performance Shares are settled. Dividend Equivalents may be converted into additional Performance Units or Performance Shares, as the case may be, and will be made subject to the same conditions and restrictions as the Performance Units or Performance Shares to which they attach. Notwithstanding the generality of the foregoing and for the avoidance of any doubt, in no event shall any dividends or Dividend Equivalents be paid out to Participants holding Performance Units or Performance Shares until the performance-based vesting provisions of such Performance Units or Performance Shares, as the case may be, lapse.

**9.11 Voting Rights.** A Participant shall have no voting rights with respect to any Performance Units or Performance Shares granted hereunder.

## **Article 10. Annual Performance Awards**

**10.1 Grant of Annual Performance Awards.** Subject to the terms and conditions of this Plan, the Committee, at any time and from time to time, may grant to Participants an Award denominated in cash in such amounts and upon such terms as the Committee may determine, based on the achievement of specified Performance Goals for annual periods or other time periods as determined by the Committee ("Annual Performance Award").

**10.2 Target Payout.** The target amount that may be paid with respect to an Annual Performance Award (the "Target Payout") shall be determined by the Committee and based on a percentage of a Participant's actual fiscal year annual base earnings ("Participation Factor"), within the range established by the Committee for each Participant and subject to adjustment as provided in the next sentence of this Section 10.2. The Chief Executive Officer may approve modifications to the foregoing Participation Factors for any Participant who is not an Executive Officer, if such modification is based on level of responsibility. The Committee may establish curves, matrices or other measurements for prorating the amount of payouts for achievement of Performance Goals at less or greater than the Target Payout.

**10.3 Maximum Payout.** The Committee may also establish a maximum potential payout amount (the "Maximum Payout") with respect to an Annual Performance Award in the event Performance Goals are exceeded by an amount established by the Committee at the time Performance Goals are established. The Committee may establish curves, matrices or other measurements for prorating the amount of payouts for achievement of Performance Goals at greater than the Target Payout but less than the Maximum Payout.

**10.4 Division Payout.** At the time an Annual Performance Award is made, the Committee may establish supplemental division-specific Performance Measures ("Supplemental Division Performance Goals") and may provide that achievement of a Supplemental Division Performance Goal at or above an established target level shall be required in order to earn a Target Payout or Maximum Payout. The Committee shall also have the discretion to reduce or otherwise revise the amount that would otherwise be paid under the division payout formula to a division officer or general manager based on the Committee's evaluation of the quality of division performance.

**10.5 Strategic Performance Measure Payout.** At the time an Annual Performance Award is made, the Committee may increase the Target Payout and the Maximum Payout (as either may be prorated in accordance with Sections 10.2 and 10.3) for selected Participants ("Strategic Performance Participants"), to reflect individual strategic performance measures ("SPM Performance Goals") established at that time by the Committee. The Committee shall have the discretion to reduce or otherwise revise the amount that would otherwise be paid under the payout formula to a Strategic Performance Participant based on the Committee's evaluation of the individual's achievement of the SPM Performance Goal.

**10.6 Evaluation of Performance.** In evaluating the extent to which Performance Goals have been achieved and in approving payouts to holders of Annual Performance Awards, the Committee may include or exclude any of the events described in Section 9.5 or any similar event that occurs during a Performance Period.

**10.7 Discretionary Adjustments.** The Committee shall retain the discretion to adjust Annual Performance Award payouts upward or downward, either on a formula or discretionary basis or any combination, as the Committee determines.

**10.8 Payment.** Payment of Annual Performance Award payouts will be made as soon as possible after the Committee has determined the extent to which the applicable Performance Goals have been achieved and final payouts not later than the last day of the short term deferral period determined in accordance with Treas. Reg. Sec. 1.409A-1(b)(4), except to the extent that a Participant has properly elected to defer income that may be attributable to an Annual Performance Award under a Company deferred compensation plan or arrangement.

## **Article 11. Nonemployee Director Awards**

**11.1 Annual Nonemployee Director Share Grants.** On the first business day of each fiscal year, the Company shall issue to each person who is then a Nonemployee Director a number of Shares in an amount as determined by the Committee from time to time (the "Nonemployee Director Shares"), which Committee shall consist solely of Directors who are "independent directors" (as defined in the rules of the New York Stock Exchange). Since the Nonemployee Director Shares will not be subject to any minimum vesting condition, they will count towards the five percent (5%) basket in Section 4.4.

### **11.2 Annual Nonemployee Director Options.**

- (a) **Annual Grant.** Subject to the terms and conditions of this Section 11.2, on the first business day of each fiscal year, the Company shall grant to each person who is then a Nonemployee Director, a Nonqualified Stock Option to purchase that number of Shares (a "Nonemployee Director Option") as determined by the Committee from time to time, which Committee shall consist solely of directors who are "independent directors" (as defined in the rules of the New York Stock Exchange).
- (b) **Option Price.** The Option Price for each grant of a Nonemployee Director Option shall be one hundred percent (100%) of the FMV of a Share as of the Option's Grant Date.
- (c) **Vesting; Term.** Except as provided in Articles 13 and 18 of this Plan or as determined by the Committee from time to time, which Committee shall consist solely of directors who are "independent directors" (as defined in the rules of the New York Stock Exchange), Nonemployee Director Options shall vest and become exercisable in three equal installments on each of the first, second and third anniversaries following the Grant Date, and shall remain exercisable for a term of ten (10) years after the Grant Date.
- (d) **Exercise and Payment of Option Price.** Nonemployee Director Options may be exercised by giving notice and paying the Option Price pursuant to Section 6.6.

**11.3 Share Proration.** If, on any date on which Nonemployee Director Shares are to be issued pursuant to Section 11.1 or Nonemployee Director Options are to be granted pursuant to Section 11.2, the number of Shares is insufficient for the issuance of the entire number of Nonemployee Director Shares to be issued or for the grant of the entire number of Nonemployee Director Options, as calculated in accordance with Section 11.1 or 11.2, respectively, then the number of Nonemployee Director Shares to be issued and Nonemployee Director Options to be granted to each Nonemployee Director entitled to receive Nonemployee Director Shares or Nonemployee Director Options on such date shall be such Nonemployee Director's proportionate share of the available number of such Shares and Options (rounded down to the greatest number of whole Shares), provided that if a sufficient number of Shares is available to issue all of the Nonemployee Director Shares, then the entire number of Nonemployee Director Shares shall be issued first and the number of Shares to be subjected to Nonemployee Director Options shall be prorated in accordance with this Section 11.3.

**11.4 Shares or Other Awards in Lieu of Retainers and Other Director Fees.** A Nonemployee Director shall have the right to elect to receive Shares or other Award, in a manner as set by the Committee, in lieu of any Board, chair and other retainers and any meeting fees otherwise payable in cash.



**11.5 Award Agreement.** The terms and conditions of any grant of any Award to a Nonemployee Director shall be set forth in an Award Agreement.

**11.6 Other Awards to Nonemployee Directors.** The Committee (which shall consist solely of directors who are “independent directors” (as defined in the rules of the New York Stock Exchange)) may grant to Nonemployee Directors other types of Awards pursuant to such terms and conditions as the Board or Committee may prescribe and set forth in an Award Agreement, subject to the limit on total Nonemployee Director compensation in Section 11.8 and the other terms and provisions of this Plan.

**11.7 Deferral of Award Payment.** The Committee (which shall consist solely of directors who are “independent directors” (as defined in the rules of the New York Stock Exchange)) may permit a Nonemployee Director the opportunity to defer the grant or payment of an Award pursuant to such terms and conditions as the Committee may prescribe and set forth in an Award Agreement. If a Nonemployee Director has properly elected to defer Shares to be received by Nonemployee Directors under Section 11.4 or income that may be attributable to any Awards granted to Nonemployee Directors under this Plan under a Company deferred compensation plan, common stock units will be credited to the Nonemployee Director’s account under such deferred compensation plan and paid out in accordance with the terms of such deferred compensation plan. Any Shares issued under such deferred compensation plan that relate to the deferral of Shares to be received by Nonemployee Directors under Section 11.4 or payment of Awards granted to Nonemployee Directors under this Plan (including without limitation accumulated Dividend Equivalents paid in Shares) will be deemed to be issued under this Plan.

**11.8 Limit on Total Nonemployee Director Compensation.** Notwithstanding anything to the contrary in this Plan, the value (determined as of the grant date in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of Nonemployee Director Awards under this Plan and all other cash and other compensation as a Nonemployee Director during any fiscal year of the Company may not exceed \$500,000 (increased to \$750,000 with respect to any Nonemployee Director serving as Chairman of the Board or Lead Independent Director or in the fiscal year of a Nonemployee Director’s initial service as a Nonemployee Director) (with any compensation that is deferred counting towards this limit for the year in which the compensation is first earned, and not a later year of settlement).

## **Article 12. Other Cash-Based Awards and Other Stock-Based Awards**

**12.1 Other Cash-Based Awards.** Subject to the terms and provisions of this Plan, the Committee, at any time and from time to time, may grant Other Cash-Based Awards to Participants in such amounts and upon such terms as the Committee may determine.

**12.2 Other Stock-Based Awards.** Subject to the terms and provisions of this Plan, the Committee, at any time and from time to time, may grant Other Stock-Based Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions as the Committee shall determine. Without limiting the generality of the foregoing, such Awards may (a) involve the transfer of actual Shares to Participants, either at the time of grant or thereafter, or payment in cash or otherwise of amounts based on the value of Shares; (b) include Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States; and (c) be in the form of deferred common stock units, including those accumulated as a result of Dividend Equivalents paid in Shares on common stock units credited to a Participant’s account under a Company deferred compensation plan and paid out in accordance with the terms of such deferred compensation plan.

**12.3 Value of Other Cash-Based Awards and Other Stock-Based Awards.** Each Other Cash-Based Award shall specify a payment amount or payment range as determined by the Committee. Each Other Stock-Based Award shall be expressed in terms of Shares or units based on Shares, as determined by the Committee. The Committee may establish Performance Goals in its discretion for any Other Cash-Based Award or any Other Stock-Based Award. If the Committee exercises its discretion to establish Performance Goals for any such Awards, the number or value of Other Cash-Based Awards or

other Stock-Based Awards that will be paid out to the Participant will depend on the extent to which the Performance Goals are met.

**12.4 Payment of Other Cash-Based Awards and Other Stock-Based Awards.** Payment, if any, with respect to an Other Cash-Based Award or an Other Stock-Based Award shall be made in accordance with the terms of the Award, in cash for any Other Cash-Based Award and in cash or Shares for any Other Stock-Based Award, as the Committee determines; except that if a Participant has properly elected to defer income that may be attributable to an Other Cash-Based Award or an Other Stock-Based Award under a Company deferred compensation plan, common stock units will be credited to the Participant's account under such plan and paid out in accordance with the terms of such plan.

### **Article 13. Termination of Service**

The following provisions shall apply upon termination of a Participant's employment or other service with the Company or any Affiliate or Subsidiary, as the case may be, except to the extent that the Committee provides otherwise in an Award Agreement evidencing an Award at the time of grant or determines otherwise pursuant to Section 13.4 (and such provisions and determinations need not be uniform among all Awards granted pursuant to this Plan) or the terms of another agreement between the Company and the Participant or a plan or policy of the Company applicable to the Participant specifically provides otherwise.

**13.1 Effect of Termination Due to Death or Disability.** Subject to Section 13.6, in the event a Participant's employment or other service with the Company or any Affiliate or Subsidiary, as the case may be, is terminated by reason of death or Disability:

- (a) All outstanding Options (including Nonemployee Director Options) and SARs held by the Participant as of the effective date of such termination shall become immediately exercisable in full and will remain exercisable for a period of one (1) year after such termination (but in no event after the expiration date of any such Option or SAR);
- (b) All outstanding Shares of Restricted Stock held by the Participant as of the effective date of such termination that have not vested as of the date of such termination shall be terminated and forfeited;
- (c) All outstanding but unpaid Restricted Stock Units, Performance Shares, Performance Units, Other Cash-Based Awards and Other Stock-Based Awards held by the Participant as of the effective date of such termination shall be terminated and forfeited; provided, however, that with respect to any Performance Shares or Performance Units, if a Participant's employment or other service with the Company or any Affiliate or Subsidiary, as the case may be, is terminated by reason of death or Disability prior to the end of the Performance Period of such Award, but after the conclusion of not less than one (1) year of the Performance Period, the Committee may, in its sole discretion, cause Shares to be delivered or payment made (except to the extent that a Participant has properly elected to defer income that may be attributable to Performance Shares or Performance Units under a Company deferred compensation plan or arrangement) with respect to the Participant's Award, but only if otherwise earned for the entire Performance Period and only with respect to the portion of the applicable Performance Period completed at the date of such event, with proration based on the number of months or years that the Participant was employed or performed services during the Performance Period. The Committee shall consider the provisions of Section 13.6 of this Plan and shall have the discretion to consider any other fact or circumstance in making its decision as to whether to deliver such Shares, including whether the Participant again becomes employed; and
- (d) If the effective date of such termination is before the date payment is made in settlement of an Annual Performance Award or would have been made had there not been a

deferral election in place, the Annual Performance Award will be terminated and forfeited; provided, however, that the Committee may, in its sole discretion, cause payment to be made with respect to such Annual Performance Award and in accordance with Section 10.6 and the payment terms thereof, but only if otherwise earned for the entire Performance Period and only with respect to the portion of the Performance Period completed as of the date of such death or Disability.

**13.2 Effect of Termination Due to Retirement.** Subject to Section 13.6, in the event a Participant's employment or other service with the Company or any Affiliate or Subsidiary, as the case may be, is terminated by reason of Retirement (except with respect to Nonemployee Directors):

- (a) All outstanding Options (other than Nonemployee Director Options) and SARs held by the Participant as of the effective date of such Retirement shall remain outstanding and exercisable and shall continue to vest and become exercisable in accordance with their terms for a period of four (4) years after the date of such Retirement (but in no event shall be exercisable after the expiration date of any such Option or SAR);
- (b) All outstanding Shares of Restricted Stock held by the Participant as of the effective date of such Retirement that have not vested as of the date of such Retirement shall be terminated and forfeited;
- (c) All outstanding but unpaid Restricted Stock Units, Performance Shares, Performance Units, Other Cash-Based Awards and Other Stock-Based Awards held by the Participant as of the effective date of such Retirement shall be terminated and forfeited; provided, however, that with respect to any Performance Shares or Performance Units, if a Participant's employment or other service with the Company or any Affiliate or Subsidiary, as the case may be, is terminated by reason of Retirement prior to the end of the Performance Period of such Award, but after the conclusion of not less than the one (1) year of the Performance Period, the Committee may, in its sole discretion, cause Shares to be delivered or payment made (except to the extent that a Participant has properly elected to defer income that may be attributable to Performance Shares or Performance Units under a Company deferred compensation plan or arrangement) with respect to the Participant's Award, but only if otherwise earned for the entire Performance Period and only with respect to the portion of the applicable Performance Period completed at the date of such event, with proration based on the number of months or years that the Participant was employed or performed services during the Performance Period. The Committee shall consider the provisions of Section 13.6 and shall have the discretion to consider any other fact or circumstance in making its decision as to whether to deliver such Shares, including whether the Participant again becomes employed; and
- (d) If the effective date of such Retirement is before the date payment is made in settlement of an Annual Performance Award or would have been made had there not been a deferral election in place, the Annual Performance Award will be terminated and forfeited; provided, however, that the Committee may, in its sole discretion, cause payment to be made with respect to such Annual Performance Award and in accordance with Section 10.6 and the payment terms thereof, but only if otherwise earned for the entire Performance Period and only with respect to the portion of the Performance Period completed as of the date of such Retirement.

**13.3 Effect of Termination for Reasons Other than Death, Disability or Retirement.** Subject to Section 13.6, in the event a Participant's employment or other service with the Company or any Affiliate or Subsidiary, as the case may be, is terminated for any reason other than death, Disability or Retirement (except with respect to Nonemployee Directors):

- (a) All outstanding Options (other than Nonemployee Director Options) and SARs held by the Participant as of the effective date of such termination shall, to the extent exercisable

as of the date of such termination, remain exercisable in full for a period of three (3) months after the date of such termination (but in no event after the expiration date of any such Option or SAR), and Options and SARs not exercisable as of the date of such termination shall be forfeited and terminate;

- (b) All outstanding Shares of Restricted Stock held by the Participant as of the effective date of such termination that have not vested as of the date of such termination shall be terminated and forfeited;
- (c) All outstanding but unpaid Restricted Stock Units, Performance Shares, Performance Units, Other Cash-Based Awards and Other Stock-Based Awards held by the Participant as of the effective date of such termination shall be terminated and forfeited;
- (d) If the effective date of such termination is before the date payment is made in settlement of an Annual Performance Award or would have been made had there not been a deferral election in place, then any such Annual Performance Award held by a Participant shall be terminated and forfeited; and
- (e) If a Nonemployee Director has served as a member of the Board for ten (10) full fiscal years or longer and terminates service on the Board for any reason other than death or Disability, (i) outstanding unvested Nonemployee Director Options shall remain outstanding and continue to vest in accordance with their terms, and (ii) the Nonemployee Director may exercise all such vested outstanding Nonemployee Director Options for up to four (4) years after the date of termination, but not later than the date the Nonemployee Director Option expires. If a Nonemployee Director has served as a member of the Board for less than ten (10) years and terminates service on the Board for any reason other than death or Disability, (x) all unvested Nonemployee Director Options shall expire and be canceled and (y) the Nonemployee Director may exercise any vested outstanding Nonemployee Director Options for up to three (3) months after the date of termination, but not later than the date the Nonemployee Director Option expires.

**13.4 Modification of Rights Upon Termination.** Notwithstanding the other provisions of this Article 13 and subject to Section 4.4, upon a Participant's termination of employment or other service with the Company or any Affiliate or Subsidiary, as the case may be, the Committee may, in its sole discretion (which may be exercised at any time on or after the Grant Date, including following such termination) cause Options or SARs (or any part thereof) held by such Participant as of the effective date of such termination to terminate, become or continue to become exercisable or remain exercisable following such termination of employment or service, and Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Annual Performance Awards, Nonemployee Director Awards, Other Cash-Based Awards and Other Stock-Based Awards held by such Participant as of the effective date of such termination to terminate, vest or become free of restrictions and conditions to payment, as the case may be, following such termination of employment or service, in each case in the manner determined by the Committee; provided, however, that (a) the Committee taking any such action relating to Nonemployee Director Awards shall consist solely of "independent directors" (as defined in the rules of the New York Stock Exchange), and (b) any such action by the Committee adversely affecting any outstanding Award will not be effective without the consent of the affected Participant (subject to the right of the Committee to take whatever action it deems appropriate under Section 4.3 or 13.6 or Article 19).

**13.5 Determination of Termination of Employment or Other Service.** Unless the Committee otherwise determines in its sole discretion, a Participant's employment or other service will, for purposes of this Plan, be deemed to have terminated on the date recorded on the personnel or other records of the Company or the Affiliate or Subsidiary for which the Participant provides employment or other service, as determined by the Committee in its sole discretion based upon such records; provided, however, that if distribution of an Award subject to Code Section 409A is triggered by a termination of a Participant's employment or other service, such termination must also constitute a "separation from service" within the meaning of Code Section 409A.

## 13.6 Additional Forfeiture Events.

- (a) **Actions Constituting Adverse Action.** Notwithstanding anything in this Plan to the contrary and in addition to the other rights of the Committee under this Plan, including this Section 13.6, if a Participant is determined by the Committee, acting in its sole reasonable discretion, to have taken any action that would constitute an Adverse Action, (i) all rights of the Participant under this Plan and any agreements evidencing an Award then held by the Participant shall terminate and be forfeited without notice of any kind, and (ii) the Committee in its sole discretion may require the Participant to surrender and return to the Company all or any Shares received, or to disgorge all or any profits or any other economic value (however defined by the Committee) made or realized by the Participant, during the period beginning one (1) year prior to the Participant's termination of employment or other service with the Company, an Affiliate or a Subsidiary, in connection with any Awards or any Shares issued upon the exercise or vesting of any Awards. The Company may defer the exercise of any Option or SAR, the issuance of book-entry notations or removal of restrictions on shares issued in book entry form upon the vesting of any Restricted Stock or the issuance of Shares or payment upon vesting of any Restricted Stock Unit, Performance Share, Performance Unit or Other Stock-Based Awards for a period of up to ninety (90) days in order for the Committee to make any determination as to the existence of an Adverse Action. Unless otherwise provided by the Committee in an applicable Award Agreement, this Section 13.6(a) shall not apply to any Participant following a Change of Control.
- (b) **Forfeiture or "Clawback" of Awards under Applicable Law or Company Policy.** Awards under the Plan shall be subject to any automatic forfeiture or voluntary compensation "clawback," forfeiture or recoupment provisions under applicable law and any compensation "clawback," forfeiture or recoupment policy that the Committee may adopt from time to time that is applicable by its terms to the Participant.

## Article 14. Transferability of Awards and Shares

**14.1 Transferability of Awards.** Except as determined by the Committee in its sole discretion, and on and subject to such terms and conditions as it shall deem appropriate: (a) during a Participant's lifetime, his or her Awards shall be exercisable only by the Participant; (b) Awards shall not be transferable other than by will or the laws of descent and distribution or, subject to the consent of the Committee, pursuant to a domestic relations order entered into by a court of competent jurisdiction; (c) no Awards shall be subject, in whole or in part, to attachment, execution or levy of any kind; and (d) any purported transfer in violation of this Section 14.1 shall be null and void. The Committee may establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable or Shares deliverable in the event of, or following, the Participant's death may be provided.

**14.2 Restrictions on Share Transferability.** The Committee may impose such restrictions on any Shares acquired by a Participant under this Plan as it may deem advisable, including minimum holding period requirements, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed or traded, or under any blue sky or state securities laws applicable to such Shares.

## Article 15. Dividend Equivalents

Subject to the provisions of this Plan and any Award Agreement, any Participant selected by the Committee may be granted Dividend Equivalents based on the dividends declared on Shares that are subject to any Award (including any deferred Award), to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests, settles, is paid or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such limitations as may be

determined by the Committee and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Notwithstanding the foregoing, the Committee may not grant Dividend Equivalents based on the dividends declared on Shares that are subject to an Option or SAR Award and further, no dividend or Dividend Equivalents shall be paid out with respect to any unvested Award, including those subject to time- and/or performance-based conditions.

#### **Article 16. Beneficiary Designation**

Each Participant under this Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Plan is to be paid in case of the Participant's death before the Participant receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such beneficiary designation, benefits remaining unpaid or rights remaining unexercised at the Participant's death shall be paid to or exercised by the Participant's executor, administrator or legal representative.

#### **Article 17. Rights of Participants**

**17.1 Employment.** Nothing in this Plan or an Award Agreement shall: (a) interfere with or limit in any way the right of the Company, its Affiliates or its Subsidiaries to terminate any Participant's employment or service on the Board or to the Company or an Affiliate or Subsidiary at any time or for any reason not prohibited by law, or (b) confer upon any Participant any right to continue his employment or service as a Director or Third-Party Service Provider for any specified period of time. Neither an Award nor any benefits arising under this Plan shall constitute an employment contract with the Company or any Affiliate or Subsidiary and, accordingly, subject to Articles 3 and 18, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Committee without giving rise to any liability on the part of the Company, its Affiliates or its Subsidiaries.

**17.2 Participation.** No individual shall have the right to be selected to receive an Award under this Plan or, having been so selected, to be selected to receive a future Award.

**17.3 Rights as a Shareholder.** Except as otherwise provided herein, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

#### **Article 18. Change of Control**

**18.1 Effect of Change of Control if Outstanding Awards are Continued, Assumed or Substituted.** In the event of a Change of Control, the surviving or successor organization (or a parent or subsidiary thereof) (the "Successor") may continue, assume or substitute equivalent awards (with such adjustments as may be required or permitted by Section 4.3). The Successor may elect to continue, assume or substitute only some Awards or portions of Awards. A substitute equivalent award must (i) have a value at least equal to the value of the Award being substituted; (ii) relate to a publicly-traded equity security of the Successor involved in the Change of Control or another entity that is affiliated with the Company or the Successor following the Change of Control; (iii) be the same type of award as the Award being substituted; (iv) be fully vested as a result of the Change of Control as set forth below; and (v) have other terms and conditions that are not less favorable to the Participant than the terms and conditions of the Award being substituted. If an Award is continued, assumed or substituted by the Successor, the following vesting rules shall apply to the continued, assumed or substituted Awards, in each case effective immediately prior to such Change of Control but conditioned upon the completion of such Change of Control:

- (a) Any and all Options and SARs granted hereunder shall vest and become immediately exercisable and remain exercisable until the expiration of its full specified term, regardless of any termination of employment or other service of the Participant.
- (b) All restrictions and vesting requirements applicable to any Award based solely on the continued service of the Participant shall terminate and such Awards shall be settled and paid in cash or Shares as provided in the Award Agreement as soon as practicable thereafter but in any event within thirty (30) days following the date of such Change of Control, subject to the delay, if any, required under Section 23.12.
- (c) All vested and earned Awards that are performance-based for which the Performance Period has been completed as of the date of such Change of Control but have not yet been paid shall be paid in cash or Shares and at such time as provided in the Award Agreement as soon as practicable thereafter but in any event within thirty (30) days following the date of such Change of Control, subject to the delay, if any, required under Section 23.12, and all performance-based Awards for which the Performance Period has not been completed as of the date of such Change of Control shall immediately vest and be earned in full, and paid out with respect to each Performance Goal based on the greater of (i) target performance; or (ii) actual performance achieved through the date of such Change of Control, in each case with the manner of payment to be made in cash or Shares as provided in the Award Agreement as soon as practicable thereafter but in any event within thirty (30) days following the date of such Change of Control, subject to the delay, if any, required under Section 23.12.

**18.2 Effect of Change of Control if Outstanding Awards are Not Continued, Assumed or Substituted or Upon a Dissolution or Liquidation.** In the event of a Change of Control, any outstanding Awards that are not continued, assumed or substituted with equivalent awards by the Successor pursuant to Section 18.1, or in the case of a dissolution or liquidation of the Company, all Awards, shall be subject to the following rules, in each case effective immediately prior to such Change of Control but conditioned upon the completion of such Change of Control:

- (a) Any and all Options and SARs shall be fully vested and exercisable and the Committee shall (1) give a Participant a reasonable opportunity to exercise the Option and SAR before the transaction resulting in the Change of Control (including cashless exercise by a Participant) and (2) pay the Participant the difference between the Option Price for any Option or the Grant Price for any SAR remaining outstanding as of the Change of Control and the per Share consideration provided to other similarly situated shareholders in such Change of Control; provided, however, that if any portion of the consideration pursuant to a Change of Control may be received by holders of Shares on a contingent or delayed basis, the Committee shall determine the fair market value per share of such consideration as of the time of the Change of Control on the basis of the Committee's good faith estimate of the present value of the probable future payment of such consideration; and provided, further, that if the Option Price of such Option or the Grant Price of such SAR exceeds the aforementioned consideration provided, then the Option or SAR shall be canceled and terminated without any payment. In either case, such Option or SAR shall be cancelled. The exercise of any Option or SAR whose exercisability is accelerated as provided in this Section 18.2 shall be conditioned upon the consummation of the Change of Control and shall be effective only immediately before such consummation.
- (b) All restrictions and vesting requirements applicable to any Award based solely on the continued service of the Participant shall terminate and such Awards shall be settled and paid in cash or Shares as provided in the Award Agreement as soon as practicable thereafter but in any event within thirty (30) days following the date of such Change of Control, subject to the delay, if any, required under Section 23.12; provided, however that

if any such payment is to be made in Shares, the holders thereof shall receive the same consideration provided to other similarly situated shareholders in such Change of Control.

- (c) All vested and earned Awards that are performance-based for which the Performance Period has been completed as of the date of such Change of Control but have not yet been paid shall be paid in cash or Shares and at such time as provided in the Award Agreement as soon as practicable thereafter but in any event within thirty (30) days following the date of such Change of Control, subject to the delay, if any, required under Section 23.12; provided, however that if any such payment is to be made in Shares, the holders thereof shall receive the same consideration provided to other similarly situated shareholders in such Change of Control and all performance-based Awards for which the Performance Period has not been completed as of the date of such Change of Control shall immediately vest and be earned in full, and paid out with respect to each Performance Goal based on the greater of (i) target performance; or (ii) actual performance achieved through the date of such Change of Control, in each case with the manner of payment to be made in cash or Shares as provided in the Award Agreement as soon as practicable thereafter but in any event within thirty (30) days following the date of such Change of Control, subject to the delay, if any, required under Section 23.12; provided, however that if any such payment is to be made in Shares, the holders thereof shall receive the same consideration provided to other similarly situated shareholders in such Change of Control.

**18.3 Limitation on Change of Control Payments.** Notwithstanding anything in Section 18.1 or 18.2 to the contrary, if, with respect to a Participant, the acceleration of the vesting of an Award as provided in Section 18.1 or 18.2 or the payment of cash in exchange for all or part of a Stock-Based Award as provided in Section 18.2 (which acceleration or payment could be deemed a "payment" within the meaning of Code Section 280G(b)(2)), together with any other "payments" that such Participant has the right to receive from the Company or any corporation that is a member of an "affiliated group" (as defined in Code Section 1504(a) without regard to Code Section 1504(b)) of which the Company is a member, would constitute a "parachute payment" (as defined in Code Section 280G(b)(2)), then the "payments" to such Participant pursuant to Section 18.1 or 18.2 will be reduced (or acceleration of vesting eliminated) to the largest amount as will result in no portion of such "payments" being subject to the excise tax imposed by Code Section 4999; provided, however, that such reduction shall be made only if the aggregate amount of the payments after such reduction exceeds the difference between (a) the amount of such payments absent such reduction minus (b) the aggregate amount of the excise tax imposed under Code Section 4999 attributable to any such excess parachute payments; and provided further that such payments will be reduced (or acceleration of vesting eliminated) in the following order: (i) options with an Option Price above fair market value that have a positive value for purposes of Code Section 280G, (ii) pro rata among Awards that constitute deferred compensation under Code Section 409A, and (iii) finally, among the Awards that are not subject to Code Section 409A. Notwithstanding the foregoing sentence, if a Participant is subject to a separate agreement with the Company or an Affiliate or Subsidiary that expressly addresses the potential application of Code Sections 280G or 4999, then this Section 18.3 shall not apply and any "payments" to a Participant pursuant to Section 18.1 or 18.2 of this Plan will be treated as "payments" arising under such separate agreement; provided such separate agreement may not modify the time or form of payments under any Award that constitutes deferred compensation under Code Section 409A if the modification would cause such Award to become subject to the adverse tax consequences specified in Code Section 409A.

## **Article 19. Amendment and Termination**

### **19.1 Amendment and Termination of this Plan and Award Agreements; No Repricing.**

- (a) Subject to subparagraphs (b) and (c) of this Section 19.1 and Sections 19.3, 19.5 and 23.12, the Board may at any time terminate this Plan or an outstanding Award Agreement and the Committee may, at any time and from time to time, amend this Plan or an outstanding Award Agreement.



- (b) Notwithstanding any other provision of this Plan other than Section 4.3, the Committee may not, without prior approval of the Company's shareholders, seek to effect any repricing of any previously granted, "underwater" Option or SAR by: (a) amending or modifying the terms of the Option or SAR to lower the Option Price or Grant Price; (b) canceling the underwater Option or SAR in exchange for (i) cash; (ii) replacement Options or SARs having a lower Option Price or Grant Price; or (iii) other Awards; or (c) repurchasing the underwater Options or SARs and granting new Awards under this Plan. For purposes of this Section 19.1, an Option or SAR will be deemed to be "underwater" at any time when the Fair Market Value of the Common Stock is less than the Option Price of the Option or Grant Price of the SAR.
- (c) Notwithstanding the foregoing, no amendment of this Plan shall be made without shareholder approval (i) to increase the maximum number of Shares which may be issued pursuant to the Plan; (ii) to increase any limitation set forth in the Plan on the number of Shares which may be issued or the aggregate value of Awards which may be made, in respect of any type of Award; (iii) to change the class of individuals eligible to participate in the Plan; (iv) to reduce the minimum Option Price or the minimum SAR Grant Price as set forth in Sections 6.3 and 7.3; (v) to reduce the minimum one-year vesting periods in Section 4.4; or (vi) if shareholder approval is otherwise required pursuant to rules promulgated by any stock exchange or quotation system on which Shares are listed or quoted or by applicable U.S. state corporate laws or regulations, applicable U.S. federal laws or regulations, and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under this Plan.

**19.2 Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.** The Committee may amend or modify the vesting criteria (including any Performance Goals, Performance Measures or Performance Periods) of any outstanding Awards based in whole or in part on the financial performance of the Company (or any Subsidiary or division, business unit or other sub-unit thereof) in recognition of unusual or nonrecurring events (including the events described in Section 4.3 or 9.5) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under this Plan. By accepting an Award under this Plan, a Participant agrees to any adjustment to the Award made pursuant to this Section 19.2 without further consideration or action.

**19.3 Awards Previously Granted.** Notwithstanding any other provision of this Plan to the contrary, other than Sections 19.2, 19.4 or 23.12, no termination or amendment of this Plan or an Award Agreement shall adversely affect in any material way any Award previously granted under this Plan, without the written consent of the Participant holding such Award.

**19.4 Amendment to Conform to Law.** Notwithstanding any other provision of this Plan to the contrary, the Committee may amend this Plan or an Award Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming this Plan or an Award Agreement to any present or future law relating to plans of this or similar nature, and to the administrative regulations and rulings promulgated thereunder. By accepting an Award under this Plan, a Participant agrees to any amendment made pursuant to this Section 19.4 to any Award granted under this Plan without further consideration or action.

**19.5 Nonemployee Director Awards.** Notwithstanding any other provision of this Plan to the contrary, no action may be taken with respect to any Nonemployee Director Award other than by the Committee (which shall consist solely of "independent directors" (as defined in the rules of the New York Stock Exchange)).

## Article 20. Withholding

**20.1 Tax Withholding.** Subject to Section 20.2, the Company or any plan administrator of the Plan, as applicable, shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, the statutory amount reasonably determined by the Company or any plan administrator of the Plan, as applicable, to be required to satisfy federal, state and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan, including such amounts as may be calculated based on maximum applicable rates.

**20.2 Share Withholding.** With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock and Restricted Stock Units, or upon the achievement of Performance Goals related to Performance Shares, or any other taxable event arising as a result of a Stock-Based Award granted hereunder (collectively and individually referred to as a "Share Payment"), Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company or any plan administrator, as applicable, withhold from the Share Payment a number of Shares having a Fair Market Value up to an amount of withholding based on the maximum statutory tax rates in the Participant's applicable tax jurisdictions (unless a lesser amount of withholding is required to avoid the classification of an Award as a liability on the Company's consolidated balance sheet or other adverse accounting treatment), calculated on the date the withholding is to be determined. All such elections shall be irrevocable, made in writing and signed by the Participant (including pursuant to electronic mail communications from the Participant to the email address established by the Company), and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

## Article 21. Successors

All obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business or assets of the Company.

## Article 22. Substituted Awards

The Committee may grant Awards under this Plan in substitution for stock and stock-based awards held by employees of another entity who become employees of the Company or a Subsidiary as a result of a merger or consolidation of the former employing entity with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the former employing corporation. The Committee may direct that the substitute Awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

## Article 23. General Provisions

**23.1 Legend.** Shares issued in book entry form or deposited with any broker with which the Company has engaged to provide services for the Plan on behalf of a Participant may be made subject to any restriction, that the Committee deems appropriate to reflect any restrictions on transfer of such Shares.

**23.2 Usage.** In this Plan, except where otherwise indicated by clear contrary intention, (a) any masculine term used herein also shall include the feminine, (b) the plural shall include the singular, and the singular shall include the plural, (c) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term, and (d) "or" is used in the inclusive sense of "and/or".

**23.3 Severability.** In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

**23.4 Requirements of Law.** The granting of Awards and the issuance of Shares under this Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

**23.5 Delivery of Title.** The Company shall have no obligation to issue or deliver evidence of title for Shares issued under this Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Shares under any applicable federal, state, provincial, local, foreign or other law or ruling of any governmental body that the Company determines to be necessary or advisable.

**23.6 Inability to Obtain Authority.** The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

**23.7 Investment Representations.** The Committee may require any individual receiving Shares pursuant to an Award under this Plan to represent and warrant in writing that the individual is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.

**23.8 Employees Based Outside of the United States.** Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws in other countries in which the Company, its Affiliates or its Subsidiaries operate or have Employees, Directors or Third-Party Service Providers, the Committee, in its sole discretion, shall have the power and authority to:

- (a) Determine which Affiliates and Subsidiaries shall be covered by this Plan;
- (b) Determine which Employees, Directors or Third-Party Service Providers outside the United States are eligible to participate in this Plan;
- (c) Modify the terms and conditions of any Award granted to Employees, Directors or Third-Party Service Providers outside the United States to comply with applicable foreign laws;
- (d) Establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 23.8 by the Committee shall be attached to this Plan document as appendices;
- (e) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals; and
- (f) Provide for a longer term for Nonqualified Stock Options and SARs granted to Participants outside the United States to accommodate regulations in non-U.S. jurisdictions that require a minimum exercise or vesting period following a participant's death.

Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate applicable law. The Committee will have no authority, however, to take action pursuant to this Section 23.8: (i) to reserve shares or grant Awards in excess of the limitations provided in Section 4.1; (ii) in violation of Section 19.1(b); (iii) to grant Options or Stock Appreciation Rights having an Option Price or Grant Price in violation of Section 6.3 or 7.3, as the case may be; or (iv) for which shareholder approval would then be required pursuant to Code Section 422 or the rules of the New York Stock Exchange (or other applicable exchange or market on which the Company's Shares may be traded or quoted).

**23.9 Unfunded Plan.** Participants shall have no right, title or interest whatsoever in or to any investments that the Company, its Subsidiaries or its Affiliates may make to aid it in meeting its obligations under this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other individual. To the extent that any individual acquires a right to receive payments from the Company or any Affiliate or Subsidiary under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company or the Subsidiary or Affiliate, as the case may be. All payments to be made hereunder shall be paid from the general funds of the Company, or the Subsidiary or Affiliate, as the case may be and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in this Plan.

**23.10 Fractional Shares.** The Company may issue or deliver fractional Shares pursuant to this Plan or any Award. If the Committee in its discretion decides not to issue or deliver fractional shares, then the Committee shall determine whether cash, Awards or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

**23.11 Retirement and Welfare Plans.** Neither Awards made under this Plan nor Shares or cash paid pursuant to such Awards may be included as "compensation" for purposes of computing the benefits payable to any Participant under the Company's or any Subsidiary's or Affiliate's retirement plans (both qualified and nonqualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing a Participant's benefit.

**23.12 Deferred Compensation.**

- (a) The Committee may grant Awards under this Plan that provide for the deferral of compensation within the meaning of Code Section 409A. If an Award is not by its terms exempt from the requirements of Code Section 409A, then the applicable Award Agreement shall contain terms and conditions necessary to avoid the adverse tax consequences specified in Code Section 409A. It is intended that such Awards comply with the requirements of Code Section 409A so that amounts deferred thereunder are not includible in income and are not subject to an additional tax of twenty percent (20%) at the time the deferred amounts are no longer subject to a substantial risk of forfeiture.
- (b) Notwithstanding any provision of this Plan or Award Agreement to the contrary, if one or more of the payments or benefits to be received by a Participant pursuant to an Award would constitute deferred compensation subject to Code Section 409A and would cause the Participant to incur any penalty tax or interest under Code Section 409A or any regulations or Treasury guidance promulgated thereunder, the Committee may unilaterally reform this Plan and any Award Agreement to comply with the requirements of Code Section 409A and to the extent practicable maintain the original intent of this Plan and Award Agreement. By accepting an Award under this Plan, a Participant agrees to any amendments to the Award made pursuant to this Section 23.12(b) without further consideration or action.

(c)With respect to an Award that constitutes a deferral of compensation subject to Code Section 409A: (i) if any amount is payable under such Award upon a termination of service, a termination of service will be treated as having occurred only at such time the Participant has experienced a "separation from service" as such term is defined for purposes of Code Section 409A; (ii) if any amount is payable under such Award upon a Disability, a Disability will be treated as having occurred only at such time the Participant has experienced a "disability" as such term is defined for purposes of Code Section 409A; (iii) if any amount is payable under such Award on account of the occurrence of a Change of Control, a Change of Control will be treated as having occurred only at such time a "change in the ownership or effective control of the corporation or in the ownership of a substantial portion of the assets of the corporation" as such terms are defined for purposes of Code Section 409A, and (iv) if any amount becomes payable under such Award on account of a Participant's separation from service at such time as the Participant is a "specified employee" within the meaning of Code Section 409A, then no payment shall be made, except as permitted under Code Section 409A, prior to the first business day after the earlier of (y) the date that is six months after the date of the Participant's separation from service or (z) the Participant's death.

**23.13 Nonexclusivity of this Plan.** The adoption of this Plan shall not be construed as creating any limitations on the power of the Board or Committee to adopt such other compensation arrangements as it may deem desirable for any Participant.

**23.14 Effect on Existing Agreements.** Nothing in this Plan is intended to abrogate the rights of any Participant under any contract or agreement existing between the Participant and the Company or any Subsidiary, or any subsequent amendments or modifications of such contract or agreement, and all Awards granted under this Plan and actions taken with respect to this Plan shall be subject to the terms of any contract or agreement between the Participant and the Company.

**23.15 No Constraint on Corporate Action.** Nothing in this Plan shall be construed to: (a) limit, impair or otherwise affect the Company's or a Subsidiary's or an Affiliate's right or power to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, or to merge or consolidate or dissolve, liquidate, sell or transfer all or any part of its business or assets; or (b) limit the right or power of the Company or a Subsidiary or an Affiliate to take any action which such entity deems to be necessary or appropriate.

**23.16 Governing Law; Venue.** This Plan and each Award Agreement shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under this Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Delaware to resolve any and all issues that may arise out of or relate to this Plan or any related Award Agreement.

**23.17 Delivery and Execution of Electronic Documents.** To the extent permitted by applicable law, the Company may: (a) deliver by email or other electronic means (including posting on a Web site maintained by the Company or by a third party under contract with the Company) all documents relating to this Plan or any Award thereunder (including prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including annual reports and proxy statements), and (b) permit Participants to electronically execute applicable Plan documents (including Award Agreements and notices of Option exercises) in a manner prescribed by the Committee.

**23.18 Corporate Action Constituting Grant of Awards.** Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Committee, regardless of when the instrument, certificate or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board or Committee consents, resolutions or

minutes) documenting the corporate action constituting the grant contain terms (e.g., Option Price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the papering of the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

**23.19 Compliance with Section 16(b).** With respect to Participants who are Insiders, all transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act. All transactions under this Plan involving Insiders are subject to such conditions, regardless of whether the conditions are expressly set forth in this Plan. Any provision of this Plan that is contrary to a condition of Rule 16b-3 shall not apply to such Insiders.

**23.20 No Representations or Warranties Regarding Tax Effect.** Notwithstanding any provision of this Plan to the contrary, the Company, its Affiliates and Subsidiaries, the Board and the Committee neither represent nor warrant the tax treatment under any federal, state, provincial, local, foreign or other laws and regulations thereunder (individually and collectively referred to as the "Tax Laws") of any Award granted or any amounts paid to any Participant under this Plan including when and to what extent such Awards or amounts may be subject to tax, penalties and interest under the Tax Laws.

**23.21 Indemnification.** Subject to any limitations and requirements of Delaware law, each individual who is or shall have been a member of the Board, or a Committee appointed by the Board, or an officer or Employee of the Company to whom authority was delegated in accordance with Article 3 and acting in good faith, shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his/her own behalf, unless such loss, cost, liability or expense is a result of his/her own willful misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled under the Company's Restated Certificate of Incorporation, as amended, or Amended and Restated Bylaws, as each may be amended from time to time, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

NONQUALIFIED STOCK OPTION AGREEMENT  
THE TORO COMPANY 2022 EQUITY AND INCENTIVE PLAN

This Agreement (this "Agreement") dated \_\_\_\_\_ (the "Grant Date"), between The Toro Company, a Delaware corporation ("TTC"), and \_\_\_\_\_ ("you") sets forth the terms and conditions of the grant to you of a nonqualified stock option (this "Option") to purchase \_\_\_\_\_ shares of common stock, par value \$1.00 per share, of TTC ("Shares") at an exercise price of \_\_\_\_\_ per Share, under The Toro Company 2022 Equity and Incentive Plan, as such plan may be amended from time to time (the "Plan"). This Option is subject to all of the terms and conditions set forth in the Plan, this Agreement and the Nonqualified Stock Option Acceptance Agreement should you decide to accept this Option. All of the terms in this Agreement and the Nonqualified Stock Option Acceptance Agreement that begin with a capital letter are either defined in this Agreement or in the Plan. Except as otherwise indicated, for purposes of this Agreement and the Nonqualified Stock Option Acceptance Agreement, any reference to "Employer" shall mean the entity (TTC or any Affiliate or Subsidiary) that employs you.

1. *Expiration Date.* This Option shall expire on \_\_\_\_\_.
  2. *Vesting.* Except as provided in Sections 3, 5, 6 and 7 of this Agreement, this Option shall vest and become exercisable in three (3) as equal as possible installments on each of the first, second and third anniversaries of the Grant Date (rounding down to the nearest whole share on the first vesting date, if necessary, and on the second vesting date, if necessary).
  3. *Effect of Termination of Employment or Service.*
    - (a) *Disability.* If your employment or other service with the Employer is terminated by reason of your Disability, this Option will vest immediately, and you or your guardian or legal representative, as the case may be, may exercise this Option until the earlier of the date this Option expires or one (1) year after the date your employment or other service with the Employer terminates by reason of your Disability.
    - (b) *Death.* If your employment or other service with the Employer is terminated by reason of your death, this Option will vest immediately, and your legal representatives, heirs or legatees may exercise this Option until the earlier of the date this Option expires or one (1) year after the date of your death.
    - (c) *Retirement.* If your employment or other service with the Employer is terminated by reason of your Retirement after the last day of the fiscal year in which your grant was made, this Option will remain outstanding for a period of four (4) years after the date of your Retirement, but not later than the date this Option expires, and will continue to vest under Section 2 of this Agreement; provided, however, that if you become employed or retained to render services or assume responsibilities similar to those of the position at the Employer from which you retire, this Option shall automatically be canceled, expire and be forfeited.
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(d) *Other.* If your employment or other service with the Employer is terminated for any reason other than your death, Disability or Retirement, you may exercise the then vested portion of this Option, if any, for a period of three (3) months after the date your employment or other service with the Employer terminates, but not later than the date this Option expires, and any unvested portion of this Option will be canceled on the date your employment or other service with the Employer terminates.

(e) *Effective Date of Termination.* Notwithstanding anything to the contrary in the Plan, and unless otherwise determined by the Committee in its sole discretion, your termination date shall be the date on which your active employment or other service ceases and shall not be extended by any notice of termination of employment or severance period provided to you by contract or practice of TTC or the Employer or mandated under local law, unless otherwise required by applicable law.

4. *No Transfer.* You may not transfer this Option other than by will or applicable laws of descent and distribution or, if approved by the Committee, pursuant to a qualified domestic relations order entered into by a court of competent jurisdiction.

5. *Adverse Action.* In addition to the other rights of the Committee under the Plan, if you are determined by the Committee, acting in its sole reasonable discretion, to have taken any action that would constitute an Adverse Action, (a) all of your rights under the Plan and any agreements evidencing an Award granted under the Plan, including this Agreement evidencing this Option, then held by you shall terminate and be forfeited without notice of any kind, and (b) the Committee in its sole discretion may require you to surrender and return to TTC all or any Shares received, or to disgorge all or any profits or any other economic value (however defined by the Committee) made or realized by you, during the period beginning one (1) year prior to your termination of employment or other service with the Employer in connection with any Awards granted under the Plan, including this Option, or any Shares issued upon the exercise or vesting of any Awards, including this Option. TTC may defer the exercise of this Option for a period of up to ninety (90) days in order for the Committee to make any determination as to the existence of an Adverse Action. This Section 5 shall not apply following a Change of Control.

6. *Clawback, Forfeiture or Recoupment.* Any Shares issued to you upon exercise of this Option will be subject to any automatic forfeiture or voluntary compensation clawback, forfeiture or recoupment provisions under applicable law and TTC's current clawback policy and any future compensation clawback, forfeiture or recoupment policy that the Committee may adopt from time to time that is applicable by its terms to you.

7. *Change of Control.* In the event of a Change of Control, the provisions of the Plan applicable to a Change of Control will apply to this Option.

8. *Methods of Exercise.* If you are not a Section 16 executive officer, in order to exercise this Option, log in to your account at [netbenefits.fidelity.com](http://netbenefits.fidelity.com) or [401k.com](http://401k.com), or any other stock plan administrator that TTC may engage in the future to provide stock plan administration services for the Plan, and follow the instructions included on the online platform or call Fidelity at 1-800-544-9354. If you are a Section 16 executive officer, you must pre-clear the exercise of this Option in accordance with TTC's Insider Trading Policy. If you are a Section 16 executive



officer, once pre-clearance has been received and a pre-clearance notice has been submitted to Fidelity, you may exercise this Option only by calling Fidelity Executive Services at 1-800-823-0217. All Option exercises must be accompanied by payment in full of the aggregate Option Price for the Shares to be purchased. Payment may be made (a) in cash or its equivalent; (b) by tendering (either by actual delivery or attestation) previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the exercise price; (c) by a cashless (broker-assisted) exercise; (d) by a “net exercise” of this Option (as further described below); (e) by any combination of (a), (b), (c) and (d); or (f) by any other method approved or accepted by the Committee in its sole discretion. In the case of a “net exercise” of this Option, TTC will reduce the number of Shares issued upon the exercise of this Option by the largest number of whole Shares that has a Fair Market Value on the exercise date that does not exceed the aggregate Option Price for the Shares exercised under this method (and, if applicable, any required tax withholding obligations) and will require cash payment from you for any remaining Option Price (and/or tax withholding obligations). Shares will no longer be outstanding under this Option (and will therefore not thereafter be exercisable) following the exercise of this Option to the extent of (i) Shares used to pay the Option Price of this Option under the “net exercise,” (ii) Shares actually delivered to you as a result of such exercise, and (iii) any Shares withheld for purposes of tax withholding pursuant to the Plan. Any Shares issued to you upon exercise of this Option will be issued and delivered to you in book-entry or certificate form or issued and deposited for your benefit with any broker with which you have an account relationship or TTC has engaged to provide such services under the Plan.

9. *General Restriction.* If at any time the Committee determines that the listing, registration or qualification of the Shares subject to this Option on any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the issue or purchase of Shares upon exercise of this Option, this Option may not be exercised unless such listing, registration, qualification, consent or approval has been obtained free of conditions not acceptable to the Committee. Under certain circumstances as set forth in the Plan, if the exercise of this Option is prevented by certain provisions of the Plan, this Option will remain exercisable until thirty (30) days after the date such exercise first would no longer be prevented by such provisions, but in any event no later than the expiration date of this Option.

10. *Tax Withholding.* TTC has the right to deduct from any settlement made upon exercise of this Option or the sale of Shares acquired upon exercise of this Option, any federal, state, local or other taxes of any kind, domestic or foreign, that TTC or any plan administrator of the Plan, as applicable, reasonably determines is required by law to be withheld with respect to income recognized or to require you to pay the amount of any such taxes or to take such other action as may be necessary in the opinion of TTC to satisfy all obligations for the payment of such taxes. If you elect to pay any tax withholding obligations in the form of withheld Shares or the surrender of Shares, such Shares will be valued at their Fair Market Value on the date the withholding is to be determined, but such withholding shall not exceed an amount of withholding based on the maximum statutory tax rates in your applicable tax jurisdictions (unless a lesser amount of withholding is required to avoid the classification of the Option as a liability on TTC’s consolidated balance sheet or other adverse accounting treatment). TTC also may deduct from any such settlement any amounts you may owe TTC.

11. *No Right to Continue Employment or Service.* Neither the Plan, this Option, nor any related material shall give you the right to continue in employment by or perform services to the Employer or shall adversely affect the right of the Employer to terminate your employment or service relationship with or without cause at any time.

12. *Shareholder Status.* You shall have no rights as a shareholder with respect to any Shares underlying this Option until such Shares have been duly issued and delivered to you in accordance with the terms of this Agreement and the Nonqualified Stock Option Acceptance Agreement, and no adjustment shall be made for dividends of any kind or description whatsoever or for distributions of rights of any kind or description whatsoever respecting such Shares except as expressly set forth in the Plan.

13. *Governing Law.* This Agreement and the Nonqualified Stock Option Acceptance Agreement shall be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation to the substantive law of another jurisdiction.

14. *Venue.* In accepting this Option, you are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of the State of Minnesota of the United States of America to resolve any and all issues that may arise out of or relate to this Option and this Agreement.

15. *Binding Effect.* This Agreement shall be binding upon TTC and you and its and your respective heirs, executors, administrators and successors.

16. *Electronic Delivery.* TTC, in its sole discretion, may decide to deliver any documents related to this Option granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on- line or electronic system established and maintained by TTC or a third party designated by TTC.

17. *Conflict.* To the extent the terms of this Agreement or the Nonqualified Stock Option Acceptance Agreement are inconsistent with the Plan, the provisions of the Plan shall control and supersede any inconsistent provision of this Agreement or the Nonqualified Stock Option Acceptance Agreement.

18. *Non-Negotiable Terms.* The terms of this Agreement and the Nonqualified Stock Option Acceptance Agreement are not negotiable, but you may decline this nonqualified stock option award electronically through TTC's stock plan administration platform.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, this Agreement has been executed and delivered by The Toro Company and has been executed by you by execution or electronic acceptance of the attached Nonqualified Stock Option Acceptance Agreement.

By: \_\_\_\_\_  
Chairman & CEO

## NONQUALIFIED STOCK OPTION ACCEPTANCE AGREEMENT

I hereby agree to the terms and conditions governing the Option grant as set forth in the Nonqualified Stock Option Agreement, this Nonqualified Stock Option Acceptance Agreement and as supplemented by the terms and conditions set forth in the Plan.

In accepting the Option grant, I hereby acknowledge that:

- (a) The Plan is established voluntarily by TTC, it is discretionary in nature and it may be modified, amended, suspended or terminated by TTC at any time, unless otherwise provided in the Plan, the Nonqualified Stock Option Agreement or this Nonqualified Stock Option Acceptance Agreement;
- (b) The grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future Option grants, or benefits in lieu of Option grants, even if Option grants have been granted repeatedly in the past;
- (c) All decisions with respect to future Option grants, if any, will be at the sole discretion of TTC;
- (d) I am voluntarily participating in the Plan;
- (e) The Option grant is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for TTC or the Employer;
- (f) In the event I am not an employee of TTC, this Option will not be interpreted to form an employment contract or relationship with TTC;
- (g) The future value of the Shares underlying the Option is unknown and cannot be predicted with certainty and if the Option vests and I exercise the Option in accordance with the terms of the Nonqualified Stock Option Agreement and this Nonqualified Stock Option Acceptance Agreement and am issued Shares, the value of those Shares may increase or decrease;
- (h) In consideration of the grant of the Option, no claim or entitlement to compensation or damages shall arise from termination of the Option or diminution in value of the Option or Shares acquired upon exercise of the Option resulting from termination of my employment or service by TTC or the Employer (for any reason whatsoever and whether or not in breach of applicable labor laws) and I hereby irrevocably release TTC and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acceptance of the Option grant, I shall be deemed irrevocably to have waived my entitlement to pursue such claim;
- (i) Except as otherwise provided herein, the Plan or the Nonqualified Stock Option Agreement, in the event of termination of my employment or other service (whether or not in

breach of local labor laws), my right to exercise the Option will terminate effective as of the date of termination of my active employment or other service as determined in the sole discretion of the Committee and will not be extended by any notice of termination of employment or severance period provided to me by contract or practice of TTC or the Employer or mandated under local law; furthermore, in the event of termination of my employment or other service (regardless of any contractual or local law requirements), my right to exercise the Option after such termination, if any, will be measured by the date of termination of my active employment or other service and will not be extended by any notice of termination of employment or severance period provided to me by contract or practice of TTC or the Employer or mandated under local law; the Committee shall have the sole discretion to determine the date of termination of my active employment or other service for purposes of the Option;

(j) Neither TTC nor the Employer is providing any tax, legal or financial advice, nor is TTC or the Employer making any recommendations regarding my participation in the Plan, or my purchase or sale of the Shares underlying the Option; and

(k) I have been advised to consult with my own personal tax, legal and financial advisors regarding my participation in the Plan before taking any action related to the Plan.

I hereby acknowledge that I have received electronically a copy of the Plan, the U.S. Prospectus relating to the Plan and TTC's most recent Annual Report on Form 10-K. I hereby agree to accept electronic delivery of copies of any future amendments or supplements to the U.S. Prospectus or any future Prospectuses relating the Plan and copies of all reports, proxy statements and other communications distributed to TTC's security holders generally by email directed to my TTC email address.

*Note: If you do not wish to accept the Option on the terms stated in the Nonqualified Stock Option Agreement and this Nonqualified Stock Option Acceptance Agreement, please immediately contact TTC's Vice President, Human Resources & General Counsel or Managing Director, Total Rewards & Employee Services, as applicable, to decline the grant.*

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

NONEMPLOYEE DIRECTOR STOCK OPTION AGREEMENT  
THE TORO COMPANY 2022 EQUITY AND INCENTIVE PLAN

This Agreement (this “Agreement”) dated \_\_\_\_\_ (the “Grant Date”), between The Toro Company, a Delaware corporation (“TTC”), and \_\_\_\_\_ (“you”) sets forth the terms and conditions of the grant to you of a nonqualified stock option (this “Option”) to purchase \_\_\_\_\_ shares of common stock, par value \$1.00 per share, of TTC (“Shares”) at an exercise price of \_\_\_\_\_ per Share, under The Toro Company 2022 Equity and Incentive Plan, as such plan may be amended from time to time (the “Plan”). This Option is subject to all of the terms and conditions set forth in the Plan, this Agreement and the Nonemployee Director Stock Option Acceptance Agreement should you decide to accept this Option. All of the terms in this Agreement and the Nonemployee Director Stock Option Acceptance Agreement that begin with a capital letter are either defined in this Agreement or in the Plan.

1. *Expiration Date.* This Option shall expire on \_\_\_\_\_.
  2. *Vesting.* Except as provided in Sections 3, 5, 6 and 7 of this Agreement, this Option shall vest and become exercisable in three (3) as equal as possible installments on each of the first, second and third anniversaries of the Grant Date (rounding down to the nearest whole share on the first vesting date, if necessary, and on the second vesting date, if necessary).
  3. *Effect of Termination of Service as a Director of TTC.*
    - (a) *Disability.* If your service as a nonemployee director of TTC is terminated by reason of your Disability, this Option will vest immediately, and you or your guardian or legal representative, as the case may be, may exercise this Option until the earlier of the date this Option expires or one (1) year after the date your service as a nonemployee director of TTC terminates by reason of your Disability.
    - (b) *Death.* If your service as a nonemployee director of TTC is terminated by reason of your death, this Option will vest immediately, and your legal representatives, heirs or legatees may exercise this Option until the earlier of the date this Option expires or one (1) year after the date of your death.
    - (c) *Other.* If your service as a director of TTC is terminated for any reason other than your death or Disability and you have served as a member of the Board for ten (10) full fiscal years or longer (i) this Option will continue to vest in accordance with its terms, and (ii) you may exercise the vested portion of this Option (including any portion of this Option that vests pursuant to (i)) for up to four (4) years after the date of termination, but not later than the date this Option expires. If your service as a nonemployee director of TTC is terminated for any reason other than your death or Disability and you have served as a member of the Board for less than ten (10) full fiscal years, you may exercise the then vested portion of this Option, if any, for a period of three (3) months after the date your service as a director of TTC terminates, but not later than the date this Option expires, and any unvested portion of this Option will be canceled on the date your service as a nonemployee director of TTC terminates.
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4. *No Transfer.* You may not transfer this Option other than by will or applicable laws of descent and distribution or, if approved by the Committee, pursuant to a qualified domestic relations order entered into by a court of competent jurisdiction.
5. *Adverse Action.* In addition to the other rights of the Committee under the Plan, if you are determined by the Committee, acting in its sole reasonable discretion, to have taken any action that would constitute an Adverse Action, (a) all of your rights under the Plan and any agreements evidencing an Award granted under the Plan, including this Agreement evidencing this Option, then held by you shall terminate and be forfeited without notice of any kind, and (b) the Committee in its sole discretion may require you to surrender and return to TTC all or any Shares received, or to disgorge all or any profits or any other economic value (however defined by the Committee) made or realized by you, during the period beginning one (1) year prior to your termination of service as a director of TTC, in connection with any Awards granted under the Plan, including this Option, or any Shares issued upon the exercise or vesting of any Awards, including this Option. TTC may defer the exercise of this Option for a period of up to ninety (90) days in order for the Committee to make any determination as to the existence of an Adverse Action. This Section 5 shall not apply following a Change of Control.
6. *Clawback, Forfeiture or Recoupment.* Any Shares issued to you upon exercise of this Option will be subject to any automatic forfeiture or voluntary compensation clawback, forfeiture or recoupment provisions under applicable law and TTC's current clawback policy and any future compensation clawback, forfeiture or recoupment policy that the Committee may adopt from time to time that is applicable by its terms to you.
7. *Change of Control.* In the event of a Change of Control, the provisions of the Plan applicable to a Change of Control will apply to this Option.
8. *Methods of Exercise.* In order to exercise this Option, you must pre-clear such Option exercise with our Vice President, Human Resources & General Counsel and Vice President, Treasurer and Chief Financial Officer using a pre-approval request form provided by TTC specifying the number of whole Shares with respect to which you wish to exercise this Option. Once pre-clearance has been received and a pre-clearance notice has been submitted to Fidelity, you may exercise this Option only by calling Fidelity Executive Services at 1-800-823-0217. All Option exercises must be accompanied by payment in full of the aggregate Option Price for the Shares to be purchased. Payment may be made (a) in cash or its equivalent; (b) by tendering (either by actual delivery or attestation) previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the exercise price; (c) by a cashless (broker-assisted) exercise; (d) by a "net exercise" of this Option (as further described below); (e) by any combination of (a), (b), (c) and (d); or (f) by any other method approved or accepted by the Committee in its sole discretion. In the case of a "net exercise" of this Option, TTC will reduce the number of Shares issued upon the exercise of this Option by the largest number of whole Shares that has a Fair Market Value on the exercise date that does not exceed the aggregate Option Price for the Shares exercised under this method and will require cash payment from you for any remaining Option Price. Shares will no longer be outstanding under this Option (and will therefore not thereafter be exercisable) following the exercise of this Option to the extent of (i) Shares used to pay the Option Price of this Option under the "net exercise," and (ii) Shares actually delivered to you as a result of such exercise. Any Shares issued to you upon exercise of this Option will be issued and delivered to you in book-entry or certificate form or issued and

deposited for your benefit with any broker with which you have an account relationship or TTC has engaged to provide such services under the Plan.

9. *General Restriction.* If at any time the Committee determines that the listing, registration or qualification of the Shares subject to this Option on any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the issue or purchase of Shares upon exercise of this Option, this Option may not be exercised unless such listing, registration, qualification, consent or approval has been obtained free of conditions not acceptable to the Committee. Under certain circumstances as set forth in the Plan, if the exercise of this Option is prevented by certain provisions of the Plan, this Option will remain exercisable until thirty (30) days after the date such exercise first would no longer be prevented by such provisions, but in any event no later than the expiration date of this Option.

10. *Shareholder Status.* You shall have no rights as a shareholder with respect to any Shares underlying this Option until such Shares have been duly issued and delivered to you in accordance with the terms of this Agreement and the Nonemployee Director Stock Option Acceptance Agreement, and no adjustment shall be made for dividends of any kind or description whatsoever or for distributions of rights of any kind or description whatsoever respecting such Shares except as expressly set forth in the Plan.

11. *Governing Law.* This Agreement and the Nonemployee Director Stock Option Acceptance Agreement shall be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation to the substantive law of another jurisdiction.

12. *Venue.* In accepting this Option, you are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of the State of Minnesota of the United States of America to resolve any and all issues that may arise out of or relate to this Option and this Agreement.

13. *Binding Effect.* This Agreement shall be binding upon TTC and you and its and your respective heirs, executors, administrators and successors.

14. *Electronic Delivery.* TTC, in its sole discretion, may decide to deliver any documents related to this Option granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by TTC or a third party designated by TTC.

15. *Conflict.* To the extent the terms of this Agreement or the Nonemployee Director Stock Option Acceptance Agreement are inconsistent with the Plan, the provisions of the Plan shall control and supersede any inconsistent provision of this Agreement.

16. *Non-Negotiable Terms.* The terms of this Agreement and the Nonemployee Director Stock Option Acceptance Agreement are not negotiable, but you may decline this nonqualified stock option award electronically through TTC's stock plan administration platform.

*[Remainder of page intentionally left blank]*



IN WITNESS WHEREOF, this Agreement has been executed and delivered by The Toro Company and has been executed by you by execution of the attached Nonemployee Director Stock Option Acceptance Agreement.

By: \_\_\_\_\_  
President and CEO

## NONEMPLOYEE DIRECTOR STOCK OPTION ACCEPTANCE AGREEMENT

I hereby agree to the terms and conditions governing the Option grant as set forth in the Nonemployee Director Stock Option Agreement, this Nonemployee Director Stock Option Acceptance Agreement and as supplemented by the terms and conditions set forth in the Plan.

In accepting the Option grant, I hereby acknowledge that:

(a) The Plan is established voluntarily by TTC, it is discretionary in nature and it may be modified, amended, suspended or terminated by TTC at any time, unless otherwise provided in the Plan, the Nonemployee Director Stock Option Agreement or this Nonemployee Director Stock Option Acceptance Agreement;

(b) The grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future Option grants, or benefits in lieu of Option grants, even if Option grants have been granted repeatedly in the past;

(c) All decisions with respect to future Option grants, if any, will be at the sole discretion of TTC;

(d) I am voluntarily participating in the Plan;

(e) The future value of the Shares underlying the Option is unknown and cannot be predicted with certainty and if the Option vests and I exercise the Option in accordance with the terms of the Nonemployee Director Option Agreement and this Nonemployee Director Stock Option Acceptance Agreement and am issued Shares, the value of those Shares may increase or decrease;

(f) In consideration of the grant of the Option, no claim or entitlement to compensation or damages shall arise from termination of the Option or diminution in value of the Option or Shares acquired upon exercise of the Option resulting from termination of my service as a nonemployee director of TTC and I hereby irrevocably release TTC and its Affiliates and Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acceptance of the Option grant, I shall be deemed irrevocably to have waived my entitlement to pursue such claim;

(g) TTC is not providing any tax, legal or financial advice, nor is TTC making any recommendations regarding my participation in the Plan, or my purchase or sale of the Shares underlying the Option; and

(h) I have been advised to consult with my own personal tax, legal and financial advisors regarding my participation in the Plan before taking any action related to the Plan.

I hereby acknowledge that I have received electronically a copy of the Plan, the U.S. Prospectus relating to the Plan and TTC's most recent Annual Report on Form 10-K. I hereby agree to accept electronic delivery of copies of any future amendments or supplements to the U.S. Prospectus or any future Prospectuses relating the Plan and copies of all reports, proxy statements and other communications distributed to TTC's security holders generally by email directed to my TTC email address.

*Note: If you do not wish to accept the Option on the terms stated in the Nonemployee Director Option Agreement and this Nonemployee Director Stock Option Acceptance Agreement, please immediately contact TTC's Vice President, Human Resources & General Counsel to decline the grant.*

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

RESTRICTED STOCK UNIT AWARD AGREEMENT  
THE TORO COMPANY 2022 EQUITY AND INCENTIVE PLAN

This Agreement (this “Agreement”) dated \_\_\_\_\_ (the “Grant Date”), between The Toro Company, a Delaware corporation (“TTC”), and \_\_\_\_\_ (“you”) sets forth the terms and conditions of the grant to you of a restricted stock unit (“RSU”) award (this “RSU Award”) that will settle in \_\_\_\_\_ shares of common stock, par value \$1.00 per share, of TTC (“Award Shares”) under The Toro Company 2022 Equity and Incentive Plan, as such plan may be amended from time to time (the “Plan”). This RSU Award is subject to all of the terms and conditions set forth in the Plan, this Agreement and the RSU Award Acceptance Agreement should you decide to accept this RSU Award. All of the terms in this Agreement and the RSU Award Acceptance Agreement that begin with a capital letter are either defined in this Agreement or in the Plan. Except as otherwise indicated, for purposes of this Agreement and the RSU Award Acceptance Agreement, any reference to “Employer” shall mean the entity (TTC or any Affiliate or Subsidiary) that employs you.

1. *Vesting and Forfeiture.*

(a) Except as provided in Sections 1(b), 1(c), 5, 6 and 7 of this Agreement, your RSUs will vest and the Award Shares will become issuable in three (3) as equal as possible installments on each of the first, second and third anniversaries of the Grant Date (rounding down to the nearest whole share on the first vesting date, if necessary, and on the second vesting date, if necessary).

(b) If your employment or other service with the Employer is terminated by reason of your death or Disability before your interest in all of the Award Shares subject to this RSU Award has vested and become issuable under Section 1(a), then you will forfeit your right to receive all of the Award Shares subject to this RSU Award except those Award Shares that had been previously issued pursuant to Section 1(a) as of the date your employment or service with the Employer terminates.

(c) If your employment or other service with the Employer is terminated for any reason, other than your death or Disability, before your interest in all of the Award Shares subject to this RSU Award has vested and become issuable under Section 1(a), then you will forfeit your right to receive all of the Award Shares subject to this RSU Award except those Award Shares that had been previously issued pursuant to Section 1(a) as of the date your employment or service with the Employer terminates.

(d) Notwithstanding anything to the contrary in the Plan, and unless otherwise determined by the Committee in its sole discretion, your termination date shall be the date on which your active employment or other service ceases and shall not be extended by any notice of termination of employment or severance period provided to you by contract or practice of TTC or the Employer or mandated under local law, unless otherwise required by applicable law.

2. *Shareholder Status.* You will have no rights as a shareholder of TTC with respect to the Award Shares subject to this RSU Award until such Award Shares have been issued pursuant to Section 1 of this Agreement. Notwithstanding the generality of the foregoing, you shall not be entitled to vote any of the Award Shares subject to this RSU Award until such Award Shares have been issued pursuant to Section 1 of this Agreement or receive any dividends declared prior to the issuance of such Award Shares or otherwise exercise any incidents of ownership with respect to

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such Award Shares until such Award Shares have been issued pursuant to Section 1 of this Agreement.

3. *Dividend Equivalent Rights.* This RSU Award shall include a right to corresponding Dividend Equivalents. Such Dividend Equivalents shall be subject to the same vesting requirements and forfeiture provisions as this RSU Award and shall be settled in the form of Shares at the same time that the vested RSU Award is settled as provided in Section 1 above. For purposes of this Agreement and the RSU Award Acceptance Agreement, the term "Award Shares" includes all Dividend Equivalents accrued for the RSU Award.
4. *Issuance of Award Shares.* As soon as practicable after each date as of which your right to receive Award Shares subject to this RSU Award become vested pursuant to Section 1 of this Agreement, TTC shall issue and deliver to you in book-entry such number of Award Shares or issue and deposit such number of Award Shares for your benefit with any broker with which you have an account relationship or TTC has engaged to provide such services under the Plan.
5. *Adverse Action.* In addition to the other rights of the Committee under the Plan, if you are determined by the Committee, acting in its sole reasonable discretion, to have taken any action that would constitute an Adverse Action, (a) all of your rights under the Plan and any agreements evidencing an Award granted under the Plan, including this Agreement evidencing this RSU Award, then held by you shall terminate and be forfeited without notice of any kind, and (b) the Committee in its sole discretion may require you to surrender and return to TTC all or any Award Shares received, or to disgorge all or any profits or any other economic value (however defined by the Committee) made or realized by you, during the period beginning one (1) year prior to your termination of employment or other service with the Employer, in connection with any Awards granted under the Plan, including this RSU Award, or any Award Shares issued upon the exercise or vesting of any Awards, including this RSU Award. This Section 5 shall not apply following a Change of Control.
6. *Clawback, Forfeiture or Recoupment.* Any Award Shares issued to you under this RSU Award will be subject to any automatic forfeiture or voluntary compensation clawback, forfeiture or recoupment provisions under applicable law and TTC's current clawback policy and any future compensation clawback, forfeiture or recoupment policy that the Committee may adopt from time to time that is applicable by its terms to you.
7. *Change of Control.* In the event of a Change of Control, the provisions of the Plan applicable to a Change of Control will apply to this RSU Award.
8. *Other Laws.* TTC shall have the right to refuse to issue to you or transfer Award Shares subject to this RSU Award if TTC acting in its absolute discretion determines that the issuance or transfer of such Award Shares might violate any applicable law or regulation.
9. *Tax Withholding.* TTC will deduct or withhold from the Award Shares to be issued in settlement of this RSU Award any federal, state, local or other taxes of any kind, domestic or foreign, that TTC or any plan administrator of the Plan, as applicable, reasonably determines is required by law to be withheld with respect to income recognized in connection with this RSU Award or will take such other action as may be necessary in the opinion of TTC to satisfy all obligations for the payment of such taxes. Any Award Shares withheld to pay such tax withholding obligations will be valued at their Fair Market Value on the date the withholding is to

be determined, but such withholding shall not exceed an amount of withholding based on the maximum statutory tax rates in your applicable tax jurisdictions (unless a lesser amount of withholding is required to avoid the classification of the RSU Award as a liability on TTC's consolidated balance sheet or other adverse accounting treatment).

10. *No Transfer.* You may not transfer this RSU Award or any rights granted under this RSU Award other than by will or applicable laws of descent and distribution or, if approved by the Committee, pursuant to a qualified domestic relations order entered into by a court of competent jurisdiction.

11. *No Right to Continue Employment or Service.* Neither the Plan, this RSU Award, nor any related material shall give you the right to continue in employment by or perform services to the Employer or shall adversely affect the right of the Employer to terminate your employment or service relationship with or without cause at any time.

12. *Electronic Delivery.* TTC, in its sole discretion, may decide to deliver any documents related to this RSU Award granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by TTC or a third party designated by TTC.

13. *Governing Law.* This Agreement and the RSU Award Acceptance Agreement shall be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation to the substantive law of another jurisdiction.

14. *Venue.* In accepting this RSU Award, you are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of the State of Minnesota of the United States of America to resolve any and all issues that may arise out of or relate to this RSU Award and this Agreement.

15. *Binding Effect.* This Agreement shall be binding upon TTC and you and its and your respective heirs, executors, administrators and successors.

16. *Conflict.* To the extent the terms of this Agreement or the RSU Award Acceptance Agreement are inconsistent with the Plan, the provisions of the Plan shall control and supersede any inconsistent provision of this Agreement or the RSU Award Acceptance Agreement.

17. *Non-Negotiable Terms.* The terms of this Agreement and the RSU Award Acceptance Agreement are not negotiable, but you may decline this RSU Award electronically through TTC's stock plan administration platform.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, this Agreement has been executed and delivered by The Toro Company and has been executed by you by execution or electronic acceptance of the attached RSU Award Acceptance Agreement.

By: \_\_\_\_\_  
Chairman & CEO

## RSU AWARD ACCEPTANCE AGREEMENT

I hereby agree to the terms and conditions governing the RSU Award as set forth in the RSU Award Agreement, this RSU Award Acceptance Agreement and as supplemented by the terms and conditions set forth in the Plan.

In accepting the RSU Award, I hereby acknowledge that:

- (a) The Plan is established voluntarily by TTC, it is discretionary in nature and it may be modified, amended, suspended or terminated by TTC at any time, unless otherwise provided in the Plan, the RSU Award Agreement or this RSU Award Acceptance Agreement;
- (b) The grant of the RSU Award is voluntary and occasional and does not create any contractual or other right to receive future RSU Awards, or benefits in lieu of RSU Awards, even if RSU Awards have been granted repeatedly in the past;
- (c) All decisions with respect to future RSU Award grants, if any, will be at the sole discretion of TTC;
- (d) I am voluntarily participating in the Plan;
- (e) The RSU Award is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to TTC or the Employer, and which is outside the scope of my employment contract, if any;
- (f) The RSU Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for TTC or the Employer;
- (g) In the event I am not an employee of TTC, the RSU Award will not be interpreted to form an employment contract or relationship with TTC; and furthermore, the RSU Award will not be interpreted to form an employment contract with TTC;
- (h) The future value of the Award Shares that may be issued in settlement of the RSU Award is unknown and cannot be predicted with certainty and if the RSU Award vests and the Award Shares become issuable in accordance with the terms of the RSU Award Agreement and this RSU Award Acceptance Agreement, the value of those Award Shares may increase or decrease;
- (i) In consideration of the grant of the RSU Award, no claim or entitlement to compensation or damages shall arise from termination of the RSU Award or diminution in value of the RSU Award or Award Shares acquired upon vesting of the RSU Award resulting from termination of my employment or service by TTC or the Employer (for any reason whatsoever and whether or not in breach of applicable labor laws) and I hereby irrevocably release TTC and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acceptance of the RSU Award, I shall be deemed irrevocably to have waived my entitlement to pursue such claim;



(j) In the event of termination of my employment or other service (whether or not in breach of local labor laws), my right to receive the Award Shares in settlement of the vested RSU Award and to vest in the RSU Award under the Plan, if any, will terminate effective as of the date of termination of my active employment or other service as determined in the sole discretion of the Committee and will not be extended by any notice of termination of employment or severance period provided to me by contract or practice of TTC or the Employer or mandated under local law; furthermore, in the event of termination of my employment or other service (regardless of any contractual or local law requirements), my right to vest in the RSU Award after such termination, if any, will be measured by the date of termination of my active employment or other service and will not be extended by any notice of termination of employment or severance period provided to me by contract or practice of TTC or the Employer or mandated under local law; the Committee shall have the sole discretion to determine the date of termination of my active employment or other service for purposes of the RSU Award;

(k) Neither TTC nor the Employer is providing any tax, legal or financial advice, nor is TTC or the Employer making any recommendations regarding my participation in the Plan, my acceptance of the RSU Award, my acquisition of the Award Shares upon vesting of the RSU Award or any sale of the Award Shares; and

(l) I have been advised to consult with my own personal tax, legal and financial advisors regarding my participation in the Plan before taking any action related to the Plan.

I hereby acknowledge that I have received electronically a copy of the Plan, the U.S. Prospectus relating to the Plan and TTC's most recent Annual Report on Form 10-K. I hereby agree to accept electronic delivery of copies of any future amendments or supplements to the U.S. Prospectus or any future Prospectuses relating the Plan and copies of all reports, proxy statements and other communications distributed to TTC's security holders generally by email directed to my TTC email address.

*Note: If you do not wish to accept the RSU Award on the terms stated in the RSU Award Agreement and this RSU Award Acceptance Agreement, please immediately contact TTC's Vice President, Human Resources & General Counsel or Managing Director, Total Rewards & Employee Services, as applicable, to decline the grant.*

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

PERFORMANCE SHARE AWARD AGREEMENT  
THE TORO COMPANY 2022 EQUITY AND INCENTIVE PLAN

This Agreement (this “Agreement”) dated \_\_\_\_\_ between The Toro Company, a Delaware corporation (“TTC”), and \_\_\_\_\_ (“you”) sets forth the terms and conditions of a grant to you of a performance share award (this “Performance Share Award”) under The Toro Company 2022 Equity and Incentive Plan, as such plan may be amended from time to time (the “Plan”). This Performance Share Award is subject to all of the terms and conditions set forth in the Plan, this Agreement and the Performance Share Award Acceptance Agreement should you decide to accept this Performance Share Award. All of the terms in this Agreement and the Performance Share Award Acceptance Agreement that begin with a capital letter are either defined in this Agreement or in the Plan. Except as otherwise indicated, for purposes of this Agreement and the Performance Share Award Acceptance Agreement, any reference to “Employer” shall mean the entity (TTC or any Affiliate or Subsidiary) that employs you.

1. *Performance Share Award.* Subject to the terms and conditions of this Agreement and the Plan and your consent to those terms and conditions, TTC hereby grants you this Performance Share Award representing the right to receive up to a Maximum Payout of 200% of your Target Payout based on the achievement of the Performance Goals set forth on Exhibit A to this Agreement during the Performance Period (as defined below). For purposes of this Performance Share Award, your Target Payout is equal to \_\_\_\_\_ shares (“Shares”) of common stock, par value \$1.00 per share, of TTC (“Common Stock”). The number and type of Shares issuable under this Performance Share Award are subject to adjustment pursuant to Section 4.3 and Section 9.6 of the Plan.
  2. *Performance Period.* The period of time during which the Performance Goals described in Exhibit A to this Agreement must be met in order to determine the degree of payout or the number of Shares that may be issued under this Performance Share Award pursuant to Section 4 of this Agreement is the three (3) fiscal years beginning October 31, XXXX and ending October 31, XXXX (the “Performance Period”). Except as otherwise provided in Section 8 of this Agreement, TTC intends to issue Shares to you only at the end of the Performance Period and only upon the achievement of the Performance Goals described in Exhibit A to this Agreement, and except as otherwise provided in Section 8 of this Agreement, no Shares shall be issued to you in settlement of this Performance Share Award prior to the end of the Performance Period or if none of the Performance Goals for the Performance Measures meet the “Threshold” for payment, as described in the table(s) set forth in Exhibit A to this Agreement.
  3. *Performance Measures, Performance Goals and Determination of Amount of Payment.*
    - (a) Except as otherwise provided in this Section 3 and Exhibit A to this Agreement, the number of Shares payable in settlement of this Performance Share Award shall be determined by reference to the Performance Measures and Performance Goals achieved during the Performance Period in accordance with the table(s) set forth in Exhibit A to this Agreement and may range from 0% to 200% of your Target Payout. The Performance Measures and the Performance Goals to be achieved on a cumulative basis over the Performance Period and their respective weightings and their respective Threshold, Target and Maximum levels of performance, are described in the table(s) set forth in Exhibit A to this Agreement.
-

Payouts will be interpolated between Threshold and Target if the level of the performance attained for the Performance Goals for the Performance Measure for the Performance Period falls between the Threshold and Target levels specified in the table(s) set forth in Exhibit A to this Agreement, and the payout will be rounded down to the nearest whole number of Shares. Payouts will be interpolated between Target and Maximum if the level of the performance attained for the Performance Goals for the Performance Measure for the Performance Period falls between the Target and Maximum levels specified in the table(s) set forth in Exhibit A to this Agreement, and the payout will be rounded down to the nearest whole number of Shares.

(b) Absent the occurrence of a Change of Control prior to the end of the Performance Period, and to the extent not previously forfeited or terminated pursuant to Section 5, 6 or 7 of this Agreement, this Performance Share Award shall be immediately forfeited and terminated as of the end of the Performance Period if none of the Performance Goals for the Performance Measures meet the Threshold for payment as described in the table(s) set forth in Exhibit A to this Agreement and the Committee determines that Section 3(c) of this Agreement does not apply.

(c) In determining whether and to what extent each Performance Goal has been achieved, the Committee shall exclude from the calculation of the Performance Goal, applying generally accepted accounting principles, each of the events identified on Exhibit B that occurs during the Performance Period.

(d) The actual number of Shares that becomes vested and issuable based on achieving the Performance Goals during the Performance Period may be adjusted upward or downward, either on a formula or discretionary basis or any combination, by the Committee in its sole and absolute discretion. In addition, subject to the terms and conditions of the Plan, the Committee also has the authority to provide for accelerated vesting of this Performance Share Award based on the achievement of Performance Goals.

#### 4. *Settlement; Issuance and Delivery of Shares.*

(a) In the event and only upon the achievement of at least the Threshold level of performance with respect to at least one (1) of the Performance Goals described in the table(s) set forth in Exhibit A to this Agreement during the Performance Period, which achievement must be certified in writing by the Committee following the expiration of the Performance Period, you will receive such number of Shares up to your Maximum Payout under this Performance Share Award as determined pursuant to Section 3 and Exhibit A to this Agreement and subject to applicable withholding. If none of the Performance Goals are achieved at the Threshold level of performance or above or above, then this Performance Share Award will be forfeited and canceled and you will receive no Shares in settlement thereof. You may not receive a greater number of Shares than your Maximum Payout.

(b) In the event this Performance Share Award is forfeited or cancelled for any reason pursuant to Section 3, 5, 6 or 7 of this Agreement or otherwise, no Shares will be issued or payment made in settlement of this Performance Share Award.

(c) Any Shares issued to you upon settlement of this Performance Share Award will be issued and delivered to you in book-entry or certificate form or issued and deposited for your benefit with any broker with which you have an account relationship or TTC has engaged to provide such

services under the Plan. Except as provided in paragraph (d) below, in no event will TTC deliver Shares to you later than March 15 of the calendar year following the calendar year in which the Performance Period ends.

(d) Notwithstanding any of the foregoing or any other provision of this Agreement, in the event you have properly elected to defer your receipt of any Shares issuable pursuant to this Performance Share Award under The Toro Company Deferred Compensation Plan for Officers, as such plan may be amended from time to time, or any similar successor plan, you will receive such Shares in accordance with your deferral election.

(e) The issuance and delivery of Shares pursuant to this Performance Share Award shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

5. *Effect of Death, Disability, Retirement or Other Termination of Employment or Other Service.*

(a) In the event your employment or other service with the Employer is terminated by reason of death, Disability or Retirement prior to the end of the Performance Period, this Performance Share Award will be terminated and forfeited; *provided, however*, that if in the event your employment or other service with the Employer is terminated by reason of death, Disability or Retirement prior to the end of the Performance Period, but after the conclusion of not less than one year of the Performance Period, the Committee may, in its sole discretion, cause Shares to be delivered or payment made with respect to this Performance Share Award pursuant to Section 4 of this Agreement (except to the extent you have properly elected to defer receipt of any Shares under The Toro Company Deferred Compensation Plan for Officers), but only if otherwise earned for the entire Performance Period and only with respect to the portion of the applicable Performance Period completed at the date of such event, with proration based on the number of months or years you were employed during the Performance Period.

(b) In the event your employment or other service with the Employer is terminated for any reason other than death, Disability or Retirement prior to the end of the Performance Period, this Performance Share Award will be terminated and forfeited.

(c) Notwithstanding anything to the contrary in the Plan, and unless otherwise determined by the Committee in its sole discretion, your termination date shall be the date on which your active employment or other service ceases and shall not be extended by any notice of termination of employment or severance period provided to you by contract or practice of TTC or the Employer or mandated under local law, unless otherwise required by applicable law.

6. *Adverse Action.* In addition to the other rights of the Committee under the Plan, if you are determined by the Committee, acting in its sole reasonable discretion, to have taken any action that would constitute an Adverse Action, (a) all of your rights under the Plan and any agreements evidencing an Award granted under the Plan, including this Agreement evidencing this Performance Share Award, then held by you shall terminate and be forfeited without notice of any kind, and (b) the Committee in its sole discretion may require you to surrender and return to TTC all or any Shares received, or to disgorge all or any profits or any other economic value (however defined by the Committee) made or realized by you, during your period of employment or other service or

within the period ending one year after your termination of employment or other service with the Employer in connection with any Awards granted under the Plan, including this Performance Share Award, or any Shares issued upon the exercise, vesting or settlement of any Awards, including this Performance Share Award. This Section 6 shall not apply following the occurrence of a Change of Control.

7. *Clawback, Forfeiture or Recoupment.* Any Shares issued to you under this Performance Share Award will be subject to any automatic forfeiture or voluntary compensation clawback, forfeiture or recoupment provisions under applicable law and TTC's current clawback policy and any future compensation clawback, forfeiture or recoupment policy that the Committee may adopt from time to time that is applicable by its terms to you.

8. *Change of Control.* Notwithstanding any provision of this Agreement to the contrary and subject to the terms of any separate Change of Control or similar agreement to which you are bound, this Performance Share Award shall become immediately vested upon the occurrence of a Change of Control prior to the end of the Performance Period and unless deferred as provided under Section 4(d) of this Agreement, shall be settled by payment of your Maximum Payout as soon as practicable after the occurrence of such Change of Control but in no event later than March 15 of the calendar year following the calendar year in which the Change of Control occurred. Notwithstanding any provision of this Agreement to the contrary, any amounts paid in settlement of this Performance Share Award pursuant to this Section 8 shall be paid in Shares representing your Maximum Payout or such other form having a value equivalent to your Maximum Payout, as may be authorized by the Committee in its sole discretion.

9. *Shareholder Status.* You will have no rights as a shareholder of TTC with respect to this Performance Share Award unless and until Shares are issued in settlement of this Performance Share Award pursuant to Section 4 or Section 8 of this Agreement. Notwithstanding the generality of the foregoing, and except as expressly provided in the Plan, no adjustments will be made for dividends or other rights for which the record date is prior to issuance of Shares and this Award will accrue no Dividend Equivalents.

10. *No Transfer.* You may not transfer this Performance Share Award or any rights granted under this Performance Share Award other than by will or applicable laws of descent and distribution or, if approved by the Committee, pursuant to a qualified domestic relations order entered into by a court of competent jurisdiction.

11. *Tax Withholding.* In the event you do not make prior arrangements with TTC to pay any tax withholding obligations that may arise in connection with this Performance Share Award, TTC will deduct or withhold from the Shares issued under this Agreement any federal, state, local or other taxes of any kind, domestic or foreign, that TTC or any plan administrator of the Plan, as applicable, reasonably determines is required by law to be withheld with respect to income recognized or will take such other action as may be necessary in the opinion of TTC to satisfy all obligations for the payment of such taxes. If the payment of tax withholding obligations is satisfied in the form of withheld or surrendered Shares, such Shares will be valued at their Fair Market Value on the date the withholding is to be determined, but such withholding shall not exceed an amount of withholding based on the maximum statutory tax rates in your applicable tax jurisdictions (unless a lesser amount of withholding is required to avoid the classification of the Performance Share Award as a liability on TTC's consolidated balance sheet or other adverse accounting treatment).

12. *Successors.* All obligations of TTC under the Plan with respect to this Performance Share Award shall be binding on any successor to TTC, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business or assets of TTC.

13. *No Right to Continue Employment or Service.* Neither the Plan, this Performance Share Award, the Performance Share Award Acceptance Agreement nor any related material shall give you the right to continue in employment by or perform services to the Employer or shall adversely affect the right of the Employer to terminate your employment or service relationship with or without cause at any time.

14. *Electronic Delivery.* TTC, in its sole discretion, may decide to deliver any documents related to this Performance Share Award granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by TTC or a third party designated by TTC.

15. *Governing Law.* This Agreement and the Performance Share Award Acceptance Agreement shall be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation to the substantive law of another jurisdiction.

16. *Venue.* In accepting this Performance Share Award, you are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of the State of Minnesota of the United States of America to resolve any and all issues that may arise out of or relate to this Performance Share Award and this Agreement.

17. *Binding Effect.* This Agreement shall be binding upon TTC and you and its and your respective heirs, executors, administrators and successors.

18. *Conflict.* To the extent the terms of this Agreement or the Performance Share Award Acceptance Agreement are inconsistent with the Plan, the provisions of the Plan shall control and supersede any inconsistent provision of this Agreement or the Performance Share Award Acceptance Agreement.

19. *Non-Negotiable Terms.* The terms of this Performance Share Award and the Performance Share Award Acceptance Agreement are not negotiable, but you may decline this Performance Share Award electronically through TTC's stock plan administration platform.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, this Agreement has been executed and delivered by The Toro Company and has been executed by you by execution or electronic acceptance of the attached Performance Share Award Acceptance Agreement.

By: \_\_\_\_\_  
Chairman & CEO

EXHIBIT A  
PERFORMANCE SHARE AWARD AGREEMENT

*Corporate Performance Measures*

Weighting	Performance Measure	Performance Goal		
		Threshold (40% payout)	Target (100% payout)	Maximum (200% payout)



EXHIBIT B  
PERFORMANCE SHARE AWARD AGREEMENT

In determining whether and to what extent each Performance Goal has been achieved, the Committee shall exclude from the calculation of the Performance Goal, applying generally accepted accounting principles, each of the following events that occurs during the Performance Period:

## PERFORMANCE SHARE AWARD ACCEPTANCE AGREEMENT

I hereby agree to the terms and conditions governing the Performance Share Award as set forth in the Performance Share Award Agreement, this Agreement and as supplemented by the terms and conditions set forth in the Plan.

In accepting the Performance Share Award, I hereby acknowledge that:

(a) The Plan is established voluntarily by TTC, it is discretionary in nature and it may be modified, amended, suspended or terminated by TTC at any time, unless otherwise provided in the Plan, the Performance Share Award Agreement or this Performance Share Award Acceptance Agreement;

(b) The grant of the Performance Share Award is voluntary and occasional and does not create any contractual or other right to receive future Performance Share Awards, or benefits in lieu of Performance Share Awards, even if Performance Share Awards have been granted repeatedly in the past;

(c) All decisions with respect to future Performance Share Award grants, if any, will be at the sole discretion of TTC;

(d) I am voluntarily participating in the Plan;

(e) The Performance Share Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer;

(f) In the event I am not an employee of TTC or any Affiliate or Subsidiary, this Performance Share Award will not be interpreted to form an employment contract or relationship with TTC or any Affiliate or Subsidiary;

(g) The future value of the Shares that may be issued in settlement of the Performance Share Award is unknown and cannot be predicted with certainty and if the Performance Share Award vests and the Shares become issuable in settlement hereof in accordance with the terms of the Performance Share Award Agreement and this Agreement, the value of those Shares may increase or decrease;

(h) In consideration of the grant of the Performance Share Award, no claim or entitlement to compensation or damages shall arise from termination of the Performance Share Award or diminution in value of the Performance Share Award or the Shares issuable in settlement hereof resulting from termination of my employment or service by TTC or the Employer (for any reason whatsoever and whether or not in breach of applicable labor laws) and I hereby irrevocably release TTC and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acceptance of the Performance Share Award, I shall be deemed irrevocably to have waived my entitlement to pursue such claim;

(i) In the event of termination of my employment or other service (whether or not in breach of local labor laws), my right to be issued the Shares under the Plan in settlement of the Performance Share Award, if any, will terminate effective as of the date of termination of my active employment or other service as determined in the sole discretion of the Committee and will not be extended by any notice of termination of employment or severance period provided to me by contract or practice of TTC or the Employer or mandated under local law; furthermore, in the event of termination of my employment or other service (regardless of any contractual or local law requirements), my right to receive Shares in settlement of the Performance Share Award after such termination, if any, will be measured by the date of termination of my active employment or other service and will not be extended by any notice of termination of employment or severance period provided to me by contract or practice of TTC or the Employer or mandated under local law; the Committee shall have the sole discretion to determine the date of termination of my active employment or other service for purposes of this Performance Share Award;

(j) Neither TTC nor the Employer is providing any tax, legal or financial advice, nor is TTC or the Employer making any recommendations regarding my participation in the Plan or my acceptance of the Performance Share Award, my acquisition of any Shares upon settlement of the Performance Share Award or any sale of the Shares; and

(k) I have been advised to consult with my own personal tax, legal and financial advisors regarding my participation in the Plan before taking any action related to the Plan.

I hereby acknowledge that I have received electronically a copy of the Plan, the U.S. Prospectus relating to the Plan and TTC's most recent Annual Report on Form 10-K. I hereby agree to accept electronic delivery of copies of any future amendments or supplements to the U.S. Prospectus or any future Prospectuses relating the Plan and copies of all reports, proxy statements and other communications distributed to TTC's security holders generally by email directed to my TTC email address.

*Note: If you do not wish to accept the Performance Share Award on the terms stated in the Performance Share Award Agreement or this Performance Share Award Acceptance Agreement, please immediately contact TTC's Vice President, Human Resources & General Counsel or Managing Director, Total Rewards & Employee Services, as applicable, to decline the grant.*

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

ANNUAL PERFORMANCE AWARD AGREEMENT  
FISCAL XXXX  
THE TORO COMPANY 2022 EQUITY AND INCENTIVE PLAN

This Agreement (this “Agreement”) dated \_\_\_\_\_ (“Grant Date”) between The Toro Company, a Delaware corporation (“TTC”), and \_\_\_\_\_ (“you”) sets forth the terms and conditions of a grant to you of an annual performance award (this “Annual Performance Award”) under The Toro Company 2022 Equity and Incentive Plan, as such plan may be amended from time to time (the “Plan”). This Annual Performance Award is subject to all of the terms and conditions set forth in the Plan, this Agreement and the Annual Performance Award Acceptance Agreement should you decide to accept this Annual Performance Award. All of the terms in this Agreement and the Annual Performance Award Acceptance Agreement that begin with a capital letter are either defined in this Agreement or in the Plan. Except as otherwise indicated, for purposes of this Agreement and the Annual Performance Award Acceptance Agreement, any reference to “Employer” shall mean the entity (TTC or any Affiliate or Subsidiary) that employs you.

1. *Annual Performance Award.* Subject to the terms and conditions of this Agreement and the Plan and your consent to those terms and conditions, TTC hereby grants you this Annual Performance Award denominated and, if earned, to be paid entirely in cash, the amount of which will be based on the achievement of the Performance Goals set forth on Exhibit A to this Agreement during the Performance Period (as defined below). For purposes of this Annual Performance Award, your Target Payout is equal to \_\_\_\_\_% of your actual base salary earnings for the fiscal year ending October 31, XXXX, and your Maximum Payout is equal to 200% of your Target Payout.

2. *Performance Period.* The period of time during which the Performance Goals described in Exhibit A to this Agreement must be met in order to determine the amount of cash payout under this Annual Performance Award pursuant to Section 4 of this Agreement is the fiscal year ending October 31, XXXX (the “Performance Period”). Except as otherwise provided in Section 8 of this Agreement, TTC intends to make payment to you only at the end of the Performance Period and only upon the achievement of the Performance Goals described in Exhibit A to this Agreement, and except as otherwise provided in Section 8 of this Agreement, no payment shall be made to you in settlement of this Annual Performance Award prior to the end of the Performance Period or if none of the Performance Goals for the Performance Measures meet the “Threshold” for payment, as described in the table(s) set forth in Exhibit A to this Agreement.

3. *Performance Measures, Performance Goals and Determination of Amount of Payment.*

(a) Except as otherwise provided in this Section 3 and Exhibit A to this Agreement, the amount of cash payable in settlement of this Annual Performance Award shall be determined by reference to the Performance Measures and Performance Goals achieved during the Performance Period in accordance with the table(s) set forth in Exhibit A to this Agreement and may range from 0% to 200% of your Target Payout. The Performance Measures and the Performance Goals to be achieved on a cumulative basis over the Performance Period and their respective weightings and their respective Threshold, Target and Maximum levels of performance, are described in the table(s) set forth in Exhibit A to this Agreement.

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Payouts will be interpolated between Threshold and Target if the level of the performance attained for the Performance Goals for the Performance Measure for the Performance Period falls between the Threshold and Target levels specified in the table(s) set forth in Exhibit A to this Agreement, and the payout will be rounded down to the nearest dollar. Payouts will be interpolated between Target and Maximum if the level of the performance attained for the Performance Goals for the Performance Measure for the Performance Period falls between the Target and Maximum levels specified in the table(s) set forth in Exhibit A to this Agreement, and the payout will be rounded down to the nearest dollar.

(b) Absent the occurrence of a Change of Control prior to the end of the Performance Period, and to the extent not previously forfeited or terminated pursuant to Section 5, 6 or 7 of this Agreement, this Annual Performance Award shall be immediately forfeited and terminated as of the end of the Performance Period if either: (i) none of the Performance Goals for the Performance Measures meet the Threshold for payment as described in the table(s) set forth in Exhibit A to this Agreement and the Committee determines that Section 3(c) of this Agreement does not apply, or (ii) the Committee determines that Section 3(c) of this Agreement applies but exercises its discretion pursuant to Section 3(d) of this Agreement not to make any payment.

(c) In determining whether and to what extent each Performance Goal has been achieved, the Committee shall exclude from the calculation of the Performance Goal, applying generally accepted accounting principles, each of the events identified on Exhibit B that occurs during the Performance Period.

(d) The actual amount that becomes payable under this Annual Performance Award based upon achieving the Performance Goals during the Performance Period may be adjusted upward or downward, either on a formula or discretionary basis or any combination, by the Committee in its sole and absolute discretion.

#### 4. *Settlement; Payment.*

(a) In the event and only upon the achievement of at least the Threshold level of performance with respect to at least one (1) of the Performance Goals described in the table(s) set forth in Exhibit A to this Agreement during the Performance Period, which achievement must be certified in writing by the Committee following the expiration of the Performance Period, you will receive such amount in cash up to your Maximum Payout under this Annual Performance Award as determined pursuant to Section 3 and Exhibit A to this Agreement and subject to applicable withholding. If none of the Performance Goals are achieved at the Threshold level of performance or above, then this Annual Performance Award will be forfeited and canceled and you will receive no payment in settlement thereof. You may not receive a greater amount in cash than your Maximum Payout.

(b) In the event this Annual Performance Award is forfeited or cancelled for any reason pursuant to Section 3, 5, 6 or 7 of this Agreement or otherwise, no payment shall be made in settlement of this Annual Performance Award.

(c) Except as provided in paragraph (d) below, in no event will TTC make payment to you later than March 15 of the calendar year following the calendar year in which the

Performance Period ends.

(d) Notwithstanding any of the foregoing or any other provision of this Agreement, in the event you have properly elected to defer your receipt of any payment pursuant to this Annual Performance Award under The Toro Company Deferred Compensation Plan for Officers, as such plan may be amended from time to time, or any similar successor plan, you will receive such payment in accordance with your deferral election.

(e) The payment pursuant to this Annual Performance Award shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

5. *Effect of Death, Disability, Retirement or Other Termination of Employment or Other Service.*

(a) In the event your employment or other service with the Employer is terminated for any reason other than death, Disability or Retirement and the effective date of such termination is prior to the date payment is made in settlement of this Annual Performance Award pursuant to Section 4 of this Agreement or would have been made had there not been a deferral election in place, this Annual Performance Award will be terminated and forfeited.

(b) In the event your employment or other service with the Employer is terminated by reason of death, Disability or Retirement and the effective date of such termination is prior to the date payment is made in settlement of this Annual Performance Award pursuant to Section 4 of this Agreement or would have been made had there not been a deferral election in place, this Annual Performance Award will be terminated and forfeited; *provided, however*, that the Committee may, in its sole discretion, cause payment to be made with respect to this Annual Performance Award and in accordance with the payment terms hereof, but only if otherwise earned for the entire Performance Period and only with respect to the portion of the Performance Period completed at the date of such event, with proration based on the number of months you were employed during the Performance Period.

(c) Notwithstanding anything to the contrary in the Plan, and unless otherwise determined by the Committee in its sole discretion, your termination date shall be the date on which your active employment or other service ceases and shall not be extended by any notice of termination of employment or severance period provided to you by contract or practice of TTC or the Employer or mandated under local law, unless otherwise required by applicable law.

6. *Adverse Action.* In addition to the other rights of the Committee under the Plan, if you are determined by the Committee, acting in its sole reasonable discretion, to have taken any action that would constitute an Adverse Action, (a) all of your rights under the Plan and any agreements evidencing an Award granted under the Plan, including this Agreement evidencing this Annual Performance Award, then held by you shall terminate and be forfeited without notice of any kind, and (b) the Committee in its sole discretion may require you to disgorge all or any profits or any other economic value (however defined by the Committee) made or realized by you, during the period beginning one (1) year prior to your termination of employment or other service with the Employer in connection with any Awards granted under the Plan, including this

Annual Performance Award. This Section 6 shall not apply following the occurrence of a Change of Control.

7. *Clawback, Forfeiture or Recoupment.* Any amounts paid to you under this Annual Performance Award will be subject to any automatic forfeiture or voluntary compensation clawback, forfeiture or recoupment provisions under applicable law and TTC's current clawback policy and any future compensation clawback, forfeiture or recoupment policy that the Committee may adopt from time to time that is applicable by its terms to you.

8. *Change of Control.* Notwithstanding any provision of this Agreement to the contrary and subject to the terms of any separate Change of Control or similar agreement to which you are bound or Change of Control or similar policy or plan under which you are covered, upon the occurrence of a Change of Control prior to the end of the Performance Period, this Annual Performance Award shall be settled by payment of your Target Payout within 60 days after the Change of Control, unless you have properly elected to defer your receipt of any payment pursuant to this Annual Performance Award under The Toro Company Deferred Compensation Plan for Officers, as such plan may be amended from time to time, or any similar successor plan, in which case, you will receive such payment in accordance with your deferral election.

9. *No Transfer.* You may not transfer this Annual Performance Award or any rights granted under this Annual Performance Award other than by will or applicable laws of descent and distribution or, if approved by the Committee, pursuant to a qualified domestic relations order entered into by a court of competent jurisdiction.

10. *Tax Withholding.* TTC or the Employer will deduct or withhold from the payment issued under this Agreement any federal, state, local or other taxes of any kind, domestic or foreign, that TTC or any plan administrator of the Plan, as applicable, reasonably determines are required by law to be withheld with respect to income recognized or will take such other action as may be necessary in the opinion of TTC to satisfy all obligations for the payment of such taxes.

11. *Successors.* All obligations of TTC under the Plan with respect to this Annual Performance Award shall be binding on any successor to TTC, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business or assets of TTC.

12. *No Right to Continue Employment or Service.* Neither the Plan, this Annual Performance Award, the Annual Performance Award Acceptance Agreement nor any related material shall give you the right to continue in employment by or perform services to the Employer or shall adversely affect the right of the Employer to terminate your employment or service relationship with or without cause at any time.

13. *Electronic Delivery.* TTC, in its sole discretion, may decide to deliver any documents related to this Annual Performance Award granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by TTC or a third party designated by TTC.

14. *Governing Law.* This Agreement and the Annual Performance Award Acceptance Agreement shall be construed, administered and governed in all respects under and by the applicable laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation to the substantive law of another jurisdiction.

15. *Venue.* In accepting this Annual Performance Award, you are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of the State of Minnesota of the United States of America to resolve any and all issues that may arise out of or relate to this Annual Performance Award, this Agreement and the Annual Performance Award Acceptance Agreement.

16. *Binding Effect.* This Agreement shall be binding upon TTC and you and its and your respective heirs, executors, administrators and successors.

17. *Conflict.* To the extent the terms of this Agreement or the Annual Performance Award Acceptance Agreement are inconsistent with the Plan, the provisions of the Plan shall control and supersede any inconsistent provision of this Agreement or the Annual Performance Award Acceptance Agreement.

18. *Non-Negotiable Terms.* The terms of this Annual Performance Award and the Annual Performance Award Acceptance Agreement are not negotiable, but you may refuse to accept this Annual Performance Award by immediately notifying TTC's Vice President, Human Resources & General Counsel or Managing Director, Total Rewards & Employee Services, as applicable, in writing.

*[Remainder of page intentionally left blank]*



IN WITNESS WHEREOF, this Agreement has been executed and delivered by The Toro Company and has been executed by you by execution or electronic acceptance of the attached Annual Performance Award Acceptance Agreement.

By: \_\_\_\_\_  
Chairman & CEO

## ANNUAL PERFORMANCE AWARD ACCEPTANCE AGREEMENT

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I hereby agree to the terms and conditions governing the Annual Performance Award as set forth in the Annual Performance Award Agreement, this Annual Performance Award Acceptance Agreement (this "Acceptance Agreement") and as supplemented by the terms and conditions set forth in the Plan.

In accepting the Annual Performance Award, I hereby acknowledge that:

- (a) The Plan is established voluntarily by TTC, it is discretionary in nature and it may be modified, amended, suspended or terminated by TTC at any time, unless otherwise provided in the Plan, the Annual Performance Award Agreement or this Acceptance Agreement;
- (b) The grant of the Annual Performance Award is voluntary and occasional and does not create any contractual or other right to receive future Annual Performance Awards, or benefits in lieu of Annual Performance Awards, even if Annual Performance Awards have been granted repeatedly in the past;
- (c) All decisions with respect to future Annual Performance Award grants, if any, will be at the sole discretion of TTC;
- (d) I am voluntarily participating in the Plan;
- (e) The Annual Performance Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer;
- (f) In the event I am not an employee of TTC or any Affiliate or Subsidiary, this Annual Performance Award will not be interpreted to form an employment contract or relationship with TTC or any Affiliate or Subsidiary;
- (g) In consideration of the grant of the Annual Performance Award, no claim or entitlement to compensation or damages shall arise from termination of the Annual Performance Award or diminution in value of the Annual Performance Award resulting from termination of my employment or service by TTC or the Employer (for any reason whatsoever and whether or not in breach of applicable labor laws) and I hereby irrevocably release TTC and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acceptance of the Annual Performance Award, I shall be deemed irrevocably to have waived my entitlement to pursue such claim;
- (h) In the event of termination of my employment or other service (whether or not in breach of local labor laws), my right to receive a cash payment under the Plan in settlement of the Annual Performance Award, if any, will terminate effective as of the date of termination of

my active employment or other service as determined in the sole discretion of the Committee and will not be extended by any notice of termination of employment or severance period provided to me by contract or practice of TTC or the Employer or mandated under local law; furthermore, in the event of termination of my employment or other service (regardless of any contractual or local law requirements), my right to receive a cash payment in settlement of the Annual Performance Award after such termination, if any, will be measured by the date of termination of my active employment or other service and will not be extended by any notice of termination of employment or severance period provided to me by contract or practice of TTC or the Employer or mandated under local law; the Committee shall have the sole discretion to determine the date of termination of my active employment or other service for purposes of the Annual Performance Award;

(i) Neither TTC nor the Employer is providing any tax, legal or financial advice, nor is TTC or the Employer making any recommendations regarding my participation in the Plan or my acceptance of the Annual Performance Award; and

(j) I have been advised to consult with my own personal tax, legal and financial advisors regarding my participation in the Plan before taking any action related to the Plan.

I hereby acknowledge that I have received electronically a copy of the Plan, the U.S. Prospectus relating to the Plan and TTC's most recent Annual Report on Form 10-K. I hereby agree to accept electronic delivery of copies of any future amendments or supplements to the U.S. Prospectus or any future Prospectuses relating the Plan and copies of all reports, proxy statements and other communications distributed to TTC's security holders generally by email directed to my TTC email address.

*Note: If you do not wish to accept the Annual Performance Award on the terms stated in the Annual Performance Award Agreement or this Acceptance Agreement, please immediately contact TTC's Vice President, Human Resources & General Counsel or Managing Director, Total Rewards & Employee Services, as applicable, to decline the grant.*

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_